WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING

29 June 2022
10.30am,
Wheatley House, 25 Cochrane Street, Glasgow

AGENDA

1. Apologies for absence

2 Declarations of interest

3. a) Minutes of meetings held on 27 April 2022 and matters arising
   b) Action list

4. Group CEO Update

5. Committee Chair updates

Main business

6. East of Scotland partnership update (presentation)

7. Digital housing services- next steps

8. Transforming our repairs environment update

9. West Craigs development (presentation)

10. Wheatley Solutions delivery model update

Other Business Items

11. Strategic governance review - implementation update

12. Risk management update

13. 2021/22 Annual Charter Returns and year-end update

14. Group Business Continuity Policy

15. Finance report

16. Treasury update

17. AOCB

Date of next meeting
– Residential 25-26 August (full day 25th to early afternoon 26th)

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Digital housing services – next steps**

Date of Meeting: **29 June 2022**

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1. Purpose

1.1 To provide the Board with:

- an overview of the methods through which our principal housing services will be delivered in our new operating model;
- an update on the next steps in improving our digital services and how we will engage customers on these; and
- proposed revisions to our strategic targets in relation to digital services in light of our experience as we emerge from the pandemic

2. Authorising and strategic context

2.1 Under the Group Authorising Framework the Group Board is responsible for approving and monitoring the Group strategy and associated delivery plan.

2.2. The commitment to exceptional customer experience is a key theme in our 2021-26 strategy. Recent partner Board strategy discussions and feedback from the all-tenant consultation in late 2021 re-affirmed the statements in our strategy that we should continue to develop and promote our online services. However, there was a consistent view – in line with our firm commitment that "no one will be left behind", that face to face, phone and email will always remain available to support customers who prefer these methods of interacting with us. The key principle will continue to be maintaining a highly personalised approach.

3. Background

3.1 Research from the Office of National Statistics ("ONS") in 2019 suggested that digital exclusion has been declining over time across Scotland with increasing proportions of the population reporting as internet users. It also highlighted that there are still correlations between internet use and age, gender and ethnicity. Digital exclusion disproportionately affects low-income groups, people in older age groups and the more vulnerable or marginalised communities in our society.

3.2 Over the period of the pandemic, usage of online services became more widespread, including online shopping and banking. In addition, Universal Credit, which is now claimed by around 30% of our RSL customers, has been accessible only by online portal since its inception. The census taking place at present is expected to provide further information by local area on usage of online services and digital inclusion.

3.3 Against this backdrop, there is a significant and growing proportion of our customer base that actively use or want to use online and self-service methods to interact with us. We introduced online accounts for customers in 2016, known as Web Self Service ("WSS"). This allows customers to log on with a username and password, and:

- Pay rent and set up direct debits
- Manage their contact details and preferences
- Order a wide range of repairs
- Apply for a property
- Raise tenancy management or neighbourhood concerns
- Make a complaint or give a compliment

3.4 While online repairs has been switched off since the start of the pandemic due to government restrictions on the service, usage of WSS remains significant. Across our RSLs (other than DGHP, which will shortly have WSS enabled), around half of customers have a registered self service account. Recent data shows that 30% of RSL customers use their online account on average at least once a month. In Lowther letting the level of regular usage is higher, at 40%, with 20% of factoring customers per month on average using an online account.

3.5 The top 3 service areas across all customer groups are:

- MyAccounts (rent/billing; payments; direct debit)
- MyHousing (access to our online Allocation portal, bidding online)
- MyRepairs (raise/review/reappoint repair requests)

3.6 Repairs remains the third most clicked on section, despite repairs ordering being switched off at present – indicating a desire amongst many customers to use the service.

4. Discussion

Service delivery in our new operating model

4.1. Our customers interact with us in a wide variety of ways, with conversations with housing officers in their patches being the deepest and most value adding relationship for our RSL customers. The Customer First Centre ("CFC") has assumed a central role in our new operating model, with the use of telephone, email and webchat common, and there is use of digital and online. Our key interactions, other than face-to-face include:

- 850,000 telephone calls a year to our CFC
- Around 120,000 emails a year sent to our talk@ addresses, administered by the CFC, not counting those sent directly to housing / letting / factoring officers and other staff
- 17,295 repairs raised via Web self-service (WSS) in 2019 prior to Covid
- 40,000 housing applications on MyHousing (through our web self service portal)
- 4,400 registered users for our MySavings product and around £300k spent via the app to date
- Approximately 11,000 webchat interactions handled last year (only available for MyHousing at present)
- Over 255,000 payments made via digital channels (touchtone, WSS, and website) last year
- 47,000 customers, excluding DGHP, registered for web self-service (48% of the customer base)
- 47,000 followers on social media

4.3 Our strategy places emphasis on increasing the use of online and digital for interactions with customers and delivery of services, while ensuring face to face and phone support will always be available for those that prefer these methods.

4.4 The table below summarises, for our most significant services, how we will deliver services under our new operating model, of which the Customer First Centre ("CFC") now plays a key part:

	Online Web Self Service Account	**Phone**	**In person**	**Email and webchat**
Lettings	**Principal method** of interactions; via our MyHousing system or Edindex (in Edinburgh) for RSLs and commercial platforms (eg Rightmove) for Lowther.	CFC or Housing/Letting staff will provide support over the phone.	Housing Officer support available to support RSL applications.	For general enquiries and support via CFC.
Repairs	Web Self Service to be re-introduced in July; will provide widest choice of appointment slots and ability to change booking times. Book it/track it/rate it digital system to be trialled later this year.	**Principal method** of interaction; via CFC, including follow up support where a repair booked online has not been delivered.	Housing Officers will raise repairs for RSL tenants and update on progress of these upon request although will encourage tenants to use the CFC and online.	Repairs can be initiated via email and follow up enquiries can be made this way. Webchat will be introduced next month.
Complex personal cases (eg domestic violence, financial distress, tenancy support needs)	A general enquiry form is available via WSS and will be followed up by phone or in person visit initially.	Housing specialists in CFC can support many issues, and may refer for phone support to fuel or welfare benefits advisors.	**Principal method** of interaction; via housing officers spending time in their patches.	Email/webchat enquiries to the CFC will be followed up by phone or in person.
Environmental	Simple service request can be made via customer's online account.	Service requests can be made by phone to CFC or housing/letting officer who will pass to NETs teams to deliver. Text updates will be delivered to customers under the new system launching later this year.	**Principal method** of interaction. Services are mainly pre-planned, housing officers but NETs staff will respond where possible to in person approaches from customers. Neighbourhood walkabouts with customers will also identify actions for NETs teams.	Service requests can be made by email and webchat.
Anti-social behaviour	Simple service request can be made via customer's online account.	CFC including housing specialists can address simpler cases; but may refer to field-bases housing staff for more complex cases.	**Principal method** of interaction; via discussions with housing officers and anti-social behaviour officers.	Service requests can be made by email and webchat.
Factoring	Customer account functionality to pay and view bills and raise enquiries – our aim is for this to become the **future principal method** of interaction.	**Current principal method** with around 60% of Lowther factoring contact to the CFC who can address most enquiries over the phone.	Occasional in person interaction eg to discuss significant works projects with owners.	A significant volume of customer's initial interaction is by email (around 40%). Webchat will become available from July.

Our digital services – next steps

4.5 Our strategy is to increase the use of online self service, driven by our objective to give customers greater control over how and when they access services. For example, a repair booked online will go straight to a trades operative's diary, or an online video walkthrough on MyHousing will give current and prospective customers a much better insight into the nature of available properties and their likelihood of being successful in bidding, allowing them to make more informed choices.

4.6 The table above shows that in person services will remain vital for more complex situations where face to face discussion with customers is important, such as vulnerability and more complex anti-social behaviour cases, as well as local environmental management issues. However, online will become more important in areas such as repairs, factoring and all transactional matters such as paying and checking bills. To support these plans, it is important that we continue to engage with customers on their experience of using our online services so that we can refine and improve how these work.

4.7 Ahead of a major programme of customer engagement on digital services later in the year, a range of improvements have been implemented to our WSS portal, with improved processes, communication and online customer support. A brief demonstration of the WSS portal will be given at the Board meeting. The improvements include:

- **Relaunch of Online Repairs**

  Our online repairs functionality is due to be relaunched across July 2022, having been switched off throughout the pandemic. A range of improvements have been implemented. These improvements include a simpler appointment approach and greater availability of 'Next Day' appointment slots; the introduction of digital assistance when raising repairs including guided interactivity online, support for repairs diagnosis and appointment selection; a simple feedback service integrated within the repair booking screens which will allow us to receive real time feedback on user experience.

- **Wheatley Homes Glasgow**

  Following the creation of our new single vehicle for Glasgow, our online portal and email services are being rebranded to align with wider online platforms and branding identities.

- **Dumfries & Galloway Housing Partnership (DGHP)**

  Our WSS portal will be launched for DGHP customers next month, allowing them to access a wide range of online services.

- **Wider digital support services**

  'Walkme' the Group digital adoption and customer support tool, has been deployed to the WSS portal and provides online support for a range of services including customer registration, repairs as outlined previously and customer self service payments. 'Walkme' also provides lightweight feedback/response functionality alongside our wider digital contact channels such as email and webchat.

- **Webchat**

  Webchat functionality has been available since the introduction of MyHousing, our allocations services in 2019. From July 2022, webchat features will also be available across MyRepairs, MyAccounts (payments, direct debits, billing enquiries), MyServices (Complaints, housing officer appointments, benefits enquiries), Help (general support and enquiries) and across Lowther Tenants and Lowther Owners WSS portals.

- **Customer Contact Preferences Alert**

  Our customer data is good, with additional contact information beyond address (in the form of a phone number and/or email address) held for 90% of customers. We have mobile numbers for 75% of customers. Aligned with a wider customer data collection project, under which we will be reviewing and updating this data, an online prompt and access to customer contact information and customer contact preferences to encourage online customers to access and update this contact information has been developed.

- **Online Knowledge and support**

  A revised range of online support articles and help text for common themes (repairs, making payments, understanding bills, tenancy enquiries) available within the WSS portal and accessible from key service areas to guide and support customers when in the portal.

4.8 We will continue to assess whether a mobile app would be a valuable addition to our digital service offering. Our web self service portal is designed to provide very similar functionality, as it can be accessed via a web browser such as Safari on a mobile phone and screen formatting is designed to adjust to a mobile device. This will form part of customer engagement and we will report back to the Board on the outcome.

4.9 We have been carrying our strategy workshop sessions with all partner boards over recent weeks, in preparation for the refresh of our Group and partner organisation 2021-26 strategies later this year. The strategy sets out highly ambitious targets for online services, including:

Original Strategy Objective from 2020	Proposed Update
80% of all transactions to be online by 2026	To clarify the definition of “all transactions” to refer to 80% of rent paid through automated mechanisms such as direct debit
60% of all repairs to be raised online by 2026	Revise to 30%, recognising experience of CFC and feedback from customers that many wish to talk to a member of staff about their repair issue.
20% of care outreach services will be achieved through a blend of face to face and digital by 2023	No changes proposed. WhatsApp is regularly used in some services at present to augment face to face support.
Over 50% of customers actively use their online account to make transactions with us by 2026	No change proposed. Note this would be an increase from the current level of 30% for RSL customers.
Implement “Rate it” score from book it, track it, rate it repairs approach and aim to improve performance by 10%	Clarify term “improve performance by 10%” – the objective will be to improve the average score received in the first year of operation of the digital feedback system by 10% by 2026.
100% of Lowther rental customers have an online account by 2026	This is currently at 51%. Revise to 80% target, noting that we now use mid-market rent properties for a wider range of customers (including from the social housing waiting list), some of whom may not wish to engage digitally.
60% of tenants with online accounts are using the My Savings rewards gateway by 2026	The Board has already approved a revision of this figure to 15%.
Achieve our targets across the 7 domains of our digital maturity assessment by 2026	No change proposed – good progress has been made in year 1 of the strategy and Wheatley Solutions Board considered a report on this at its last meeting.

4.10 These amendments will be taken forward as part of the overall strategy refresh this year, which will be considered at the Board residential in August.

5. Customer Engagement

5.1 The approaches to service delivery set out in this paper consider feedback received from customers, including the over 5000 responses to our RSL consultation late last year. However, we plan to engage customers to help us improve and refine our delivery approach in each of our key services.

5.2 By the end of July, we will have engaged as a minimum, 50 customers with a range of skills and abilities as we launch these improved web services and seek their feedback on the improvements implemented.

5.3 Over the next two years, we intend to increase that engagement to approximately 500 customers, including through engagement with our Stronger Voices team and a range of online engagement services designed to integrate feedback from tenants and owners into the future design and delivery of our services. Customer input is vital to providing us with assurance that our online services are easy to use, efficient, reliable and trusted.

5.4 Our online engagement activities have significantly increased over recent years, with our website and social media platforms being extremely well-used. Our web sites have seen increasing use since the start of the new financial year. Note that customer web self-service accounts are accessed via our websites.

Website users	May 2022	April 2022
Wheatley Homes Glasgow	24,309	21,537
WLHP	1555	1238
Loretto HA	3443	2817
Dunedin Canmore	4575	3696
DGHP	6475	5306
Lowther	14,723	13,917
Wheatley Group	17,769	11,899
MyHousing	31,923	31,304
Wheatley Care	2084	1969

5.5 Wheatley Group and partners are followed on four social media channels: Facebook, Twitter, LinkedIn and Instagram. We added 429 new social media followers in May 2022, taking us to a total of 46,779. 3061 more people have followed us since May 2021. Wheatley Homes Glasgow saw a 281% increase in profile visits from 10 May to 11 May – due to the Duke and Duchess of Cambridge visit. In total, our social posts made 788,152 impressions in May. This was driven by posts around Home Comforts, the Duke and Duchess of Cambridge visit, company announcements and Wheatley Foundation updates.

5.6 Our approach to customer communication has expanded significantly in recent years, with digital methods such as social media, websites, texts, screens in foyers of buildings and emails now widely used.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 As noted above.

8. Financial and value for money implications

8.1 The five-year funding allocation of the IT Capital Plan that has been approved by Board is reviewed monthly, with quarterly updates to Wheatley Solutions Board. There are no implications on available funding or project allocations for the current work programme or service improvements.

9. Legal, regulatory and charitable implications

9.1 There are no legal, regulatory or charitable implications as a result of this report.

10. Risk appetite and assessment

10.1 Our Group risk appetite for general ICT matters (such as Technology and Channel Shift) is “open”. The definition of this is “willing to choose the option that is most likely to result in successful delivery while also providing an acceptable level of reward i.e., value for money”. Due to the potential significant impact arising from cyber security incidents, our cyber security risk appetite is defined as “averse”.

10.2 Significant customer engagement and a continuous customer feedback process will mitigate risks associated with advancing our digitalisation agenda in a direction not valued or supported by our customers. Our commitment that face to face and phone methods of interaction will remain available will mitigate the risk that customers are excluded from accessing our services.

11. Equalities implications

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

12. Key issues and conclusions

12.1 Our five-year strategy sets out an ambition to enhance our digital service offering and expand the use of this by customers. We start from a good base, with around half of our customers having an online account through which they can access a wide range of services. 30% of our RSL customers are regular users of their online accounts.

12.2 Significant engagement and communication already takes place via our websites and social media channels. However, phone and face to face interaction will remain available as a way for customers to draw down services where they prefer. Our commitment in the strategy is that “no one will be left behind”.

12.3 One of the key online services, repairs, has been switched off since the start of the pandemic. The relaunch of online repairs is planned for July 2022, with a number of key enhancements to the service delivered at launch; this will provide the ability for customers to diagnose, raise, appoint and manage their own repairs, improving the range of services online, and the opportunities for customers to self-register and remain active on our WSS portal.

12.4 DGHP tenants will also be able to transact through an online channel, following the recent business and technology integration. This service will go live next month.

12.5 The range of services available online is increasing through a number of channel and service improvements such as wider launch of webchat services, improved knowledge and digital assistance services.

12.6 In light of our experience since the pandemic began, and with the Customer First Centre having been successful since its launch in December last year, we have proposed a series of updates to our strategy targets on digital adoption. These will be incorporated into our annual strategy refresh process.

13. Recommendations

13.1 The Board is asked to:

1) note the contents of this report, including the proposed relaunch of online repairs; and
2) agree the proposed changes to strategy measures, which will be incorporated in the annual strategy refresh process later this year

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Martin Armstrong, Group Chief Executive

Subject: Transforming our repairs environment update

Date of Meeting: 29 June 2022

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1. Purpose

1.1 This report provides an update on the on-going programme to transform the repairs and maintenance service provided by City Building (Glasgow) LLP ("CBG") to our customers in Glasgow and the west of Scotland.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework, the Group Board is responsible for considering matters of strategic significance. The nature and performance of our repairs service, given its importance to customers and our business, is a strategic matter.

2.2 The Board agreed the repairs transformation at its February 2022 Board meeting and that updates should be brought to its subsequent meetings. Group partners including Wheatley Homes Glasgow, Loretto, Lowther Homes and CBG are also being kept informed of planning and progress with repairs transformation.

2.3 The Group strategy, 'Your Home, Your Community, Your Future' recognises the quality and importance of the repairs service, and the need to build on this with continued innovation to create an outstanding service.

3. Background

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

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

3.2 Progress with each is discussed below.

3.3 The vision in our 2021-26 strategy is a customer led repairs service. Having the customer voice shape the service will help ensure it continues to deliver value for money and meets the needs and expectations of different customer groups. This last point is key; reflecting that there are various customer groups – RSL tenants in Glasgow, RSL tenants outside Glasgow, Mid Market Rent ("MMR") tenants, Private Rental Sector ("PRS") tenants, factored owners, all with different service needs, challenges and opportunities to address.

3.4 To realise the vision, various objectives that the transformation programme should deliver were developed and agreed by the Board. These objectives are summarised below:

- Ensuring that customer voice guides our priorities in transforming the service;
- Having IT staff from CBG and Wheatley working as a single team to a shared strategy that is developed jointly;
- Introducing rapid rectification of repairs related issues when there is negative feedback;
- Changing the approach to no access emergency jobs so that the Customer First Centre contacts the customer to determine why;
- Scoping a small repair, personalised service' that fits with a 'no-job too small' ethos;
- Recategorising repairs categories to drive down emergency jobs and have clearer differentiation between routine and more complex, multi-trade jobs;
- Redesign the organisational structure and capacity in CBG needed to provide the required service;
- Revamping the repairs performance management framework including to ensure the Board is aware on how customers are feeling about the service;
- Improving web self-service for repairs;
- Real-time information for customers on progress with their repair;
- Appointing all repairs including follow on works and requiring that any changes are communicated from the Customer First Centre;
- Developing processes and technology so trades staff provide the customer with a follow-up appointment, where necessary, before they leave a customer's home;
- Introducing a mechanism through which customers can directly message the trades person in the run-up to their job being carried out;
- Simplifying the way repairs are categorised and managed so there are essentially only two main types of repairs – emergency and non-emergency;
- Reviewing the owner MMR and PRS repairs service and developing it so as it meets the needs of those Lowther Homes' customers;
- Developing the management approach and systems needed for compliance related programmes;
- Progressing CBG's ongoing drive to encourage a better gender balance within its delivery teams, and a workforce that reflects the communities in which it works;
- Make changes to ensure CBG has the capacity and skills among its staff, and specialist supply chain to meet future repairs service and business requirements; and
- Look to move towards a greener, cleaner electric vehicle fleet and encourage more sustainable practices in terms of material waste and energy consumption.

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

4. Discussion

4.1 As discussed, the repairs transformation has three inter-related phases:

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

4.2 Reducing the number of responsive repairs that are 'live' at any given time is a pre-requisite for successful transformation. Over the past few months, the number of live responsive jobs peaked at approx. 9,500. This is significantly more than acceptable for normal operations and is despite the extensive efforts of CBG staff in completing work required by customers.

4.3 To address this, CBG has put a specific plan in place with extra trades resources and logistic arrangements to reduce the volume of live responsive repairs to 4,500 by end July 2022. Steady progress is being made, although the additional bank holidays in June has led to fewer full working days than normal. At the time of writing the number of live jobs is 5,433. Achieving this target is key and we have deferred the start of the main phase of the discretionary element of the capital programme (but with no changes to planned compliance and safety-related works) to ensure delivery is a priority and that, once achieved, the target level is sustained. Once reduced, we expect the number of live jobs to be kept at or below 4,500 through a combination of the service improvements expected from the transformation and better matching CBG resources to customer demand.

4.4 In parallel with reducing the number of live jobs, the number of overdue repairs also needs to reduce. At present, this is higher than historic levels and having a direct, negative impact on average time to complete repairs. Currently the number of overdue jobs is 214, which is an improvement on peak levels of over 1,000 but still above the aim to be less than 200 by the end of July 2022. As with reducing live jobs, CBG remain confident of meeting this target and then reducing the number of overdue jobs further.

4.5 Six quick wins were identified as part of the repairs transformation programme, with the aim of making significant progress on each by the end of June 2022. The six wins, associated progress measures and current status are shown below:

Quick win	Progress measure	Status
Direct Customer First Centre ("CFC") access to Servitor	CFC staff are able to view repair jobs and status directly on CBG's servitor and DRS platforms.	Complete
Centralised CBG team to support CFC	CBG having a team of at least 6 people in place, with operating procedures agreed to satisfaction of CFC.	Complete

Increase use of next day appointments	Diagnostics restructured so emergency jobs are raised as a last resort, and Customer Service Advisors are trained accordingly.	Complete
CFC follow up on emergency no access	Process in place whereby the CFC make follow-up contact with customers where a no access occurs on an emergency job.	Complete
Refresh customer messaging	Approach agreed to revised customer comms through Localz. Pilot begins.	Design work on going
New approach to cancelled lines	Process in place whereby the CFC have full visibility over all cancelled lines and new cancellation reasons are defined for improved monitoring.	Review being undertaken

4.6 In general, steady progress is being made across the quick wins although the last two above are ongoing because of a dependency on CBG's planned upgrade to its Servitor system. Servitor is the core system that CBG uses to manage repairs delivery workflows and interface with our customer first centre. This upgrade was scheduled for May 2022 but has slipped to early July 2022 because of non-availability of key staff at a third-party supplier and the need for further work to make sure appointment details are presented correctly. Highlights for each quick win are as follows:

- ***Direct CFC access to servitor*** – arrangements are in place at present for Wheatley staff to access servitor, and progress is being made in necessary changes to ensure CFC can use it to view repairs related information. **This action is complete.**
- ***Centralised CBG team to support CFC*** – CBG has recruited six staff for this support team and operational procedures including approach to communications and working hours have been agreed with the CFC team. **This action is complete.**
- ***Increase use of next day appointments*** – changes have been made to the diagnosis system, so it no longer defaults to raising an emergency and CFC staff are being trained to channel the repair and agree an appointment for appropriate repairs with customers. **This action is complete.**
- ***CFC follow up on emergency no access*** – reporting tools have been developed so CFC staff have much more rapid information when there is no access on an emergency repair. Processes are now being developed to use this information and follow up with the customer. **This action is complete.**
- ***Refresh customer messaging*** – work is on-going with Localz on messages to customers and the repairs event (e.g. agreeing an appointment, reminder on day of repair, operative on route) that will trigger a message being sent. Information for these 'triggers' will be needed through the CBG Servitor upgrade. Detailed technical design work is underway and the **action will be reprogrammed once the Servitor upgrade is operational.**
- ***New approach to cancelled lines*** – work to analyse the reasons for cancellation has been carried out, and new cancelation codes are being agreed which will provide greater insight and are planned as part of the Servitor upgrade. **This action has been partially complete and will be finalised when the servitor upgrade is complete.**

4.7 As set out in previous updates, the wider transformation is structured around seven work streams. Over the last month or so, detailed planning including scoping workshops have been undertaken for each workstream, and key outcomes and required activities have been defined. Work is now on-going to developed detailed project implementation plans and a project manager is in place. The seven workstreams are:

- ***Customer contact and communications*** – this looks to ensure that it is easy for customers to raise and change repairs through the CFC and online web self-service. It also aims to provide customers with accurate and timely information on their repair; a full review of the who, how and why customers are being contacted has been mapped and is being analysed in conjunction with the additional functionality of both the Servitor and Localz systems to map a refined strategy for customer communication. This work is currently ongoing and a pilot was programmed for July 2022, however this is likely to be reprogrammed due to complications with the architecture of the various systems involved. It is anticipated that the pilot will commence later in 2022. This will fit well as a further digital service development for customers following the plan redeployment of Web Self Service system at the end of July 2022**;**
- ***IT and systems*** – this includes various priorities such as the upgrade to CBG's Servitor and DRS systems, developing Localz, creating an overarching IT strategy and simplifying the systems architecture and interfaces that support repairs delivery;
- ***Service and process redesign*** – this workstream is closely linked to the IT one as it looks to improve current repairs processes. Priorities include making repairs categorisation and diagnostics more straightforward and scoping the extent to which core repairs activities relating to building compliance can be embedded in the core Servitor IT system. Early successes include recategorisation of medical adaptation to improve completion timescales for customers;
- ***Encouraging diversity*** – this workstream is working through apprentice recruitment and encouraging more leadership progression for women through the Equality Working Group. Recommendations and actions proposals are programmed to be presented for approval by the end of September 2022;
- ***Cleaner and greener*** – the Working Group engaging in this workstream is progressing. Fifteen new electrical vehicle chargers were installed within Darnick Street as part of the pilot for our fleet and employees as well as additional segregation of waste products within vans from repairs;
- ***Meeting the needs of MMR/PRS tenants and owners*** – this considers and looks to improve core processes for these customer groups including repairs timescales, completions and cancellations, billing and complaints. Early progress includes holding workshops covering core processes and developing the approach to customer engagement to ensure the needs of customers shape service development; and
- ***Information and performance*** – this recognises that timely, reliable and shared information is essential in transforming the repairs service. Priorities include specifying an updated performance framework, ensuring data is collected at source and making use of reporting capabilities in Servitor, to improve the customer experience. An action plan has been drafted and proposals will be presented for consideration by the end of July 2022.

4.8 While the early focus of the transformation programme is on reducing the number of live and overdue repairs and the quick wins, progress is also being made on the wider transformation. This includes:

- the CFC dealing with customer enquiries in a timely manner and taking a more active role in addressing repairs issues for customers when they arise;
- In-depth assessment of the current diagnosis process and the basis for categorising repairs has also been undertaken;
- changes to improve the customer experience identified; and
- Work is also on-going to develop a streamlined IT Architecture that builds on CBG's Servitor upgrade to simplify repairs workflows and performance management.

5. Customer Engagement

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

6. Environmental and sustainability implications

6.1 A specific workplan is included in the transformation programme to make the repairs service including CBG greener and cleaner.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 There are no specific legal implications as a result of what is discussed in this paper.

10. Risk Appetite and assessment

10.1 The risk appetite relating to our Operating Model (Modernising services, JV, repairs service, NETS and CPP) is "Hungry" i.e. eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

10.2 The plans set out here are ambitious and will require close management, as planned through the Executive level scrutiny and steering group, to ensure progress is delivered as planned.

11. Equalities implications

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

12. Key issues and conclusions

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

1) reducing the number of live repairs jobs in the system;
2) quick wins; and
3) wider transformation activities.

12.2 Priorities, that we expect to achieve in the period ahead include reducing the number of live repairs jobs to below 4,500 by the end of June and delivering on the quick wins. After that, the focus will be on progressing the wider transformation activities over the rest of the current financial year.

13. Recommendations

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

Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Wheatley Solutions delivery model update

Date of Meeting: 29 June 2022

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1. Purpose

1.1 To provide the Board with an update on the Wheatley Solutions delivery model and the future role and focus of the Wheatley Solutions Board under its refreshed Terms of Reference ("ToR").

2. Authorising and strategic context

2.1 Under the Intra Group Agreement ("IGA") agreed by the Group Board and which subsidiaries are asked to enter into, Wheatley Solutions is the central service and corporate service provider to all partner organisations across the Group. This does not include City Building (Glasgow) as it is a joint venture.

2.2 Wheatley Solutions is a direct subsidiary of Wheatley Housing Group Limited. As such its Terms of Reference and business plan are subject to this Board's approval. Its Board, including its Chair, are appointed by the Group Remuneration, Appointments, Appraisal and Governance Committee.

2.3 The form of the Business Excellence Framework, an appendix to the Services Agreement within the IGA, is agreed between Wheatley Solutions and Subsidiary Boards directly. This supports the operational independence of each Board to agree relevant service standards and performance measures which reflect their priorities.

3. Background

3.1 At its February meeting the Board approved the Wheatley Solutions business plan. In agreeing the business plan, the Board requested that an update on Wheatley Solutions more widely be brought back to a future meeting. In particular the Board were interested in what is covered by the Wheatley Solutions recharge to partner organisations and what it delivers as part of this recharge.

3.2 Wheatley Solutions was created as a standalone entity in April 2016 as part of our last strategy. The key drivers for its creation were: improving the quality and level of co-creation of services for customers (subsidiary Boards); achieving operational and financial efficiencies; and enhancing transparency and accountability.

3.3 Wheatley Solutions' approach is characterised by the deep understanding of its staff, and their commitment to ensuring that all partners in the Group can deliver excellent services for their tenants and other customers.

3.4 Wheatley Solutions has successfully achieved its objectives through a combination of:

- Formal service agreements and Business Excellence Frameworks defining the service relationship between Wheatley Solutions and subsidiaries;
- Subsidiary staff having an ongoing role in defining the priorities and measures within the service relationship and Wheatley Solutions services being adapted to reflect these;
- Wheatley Solutions Board membership being drawn from subsidiary Boards, who then approve its strategy, business plan and budget and receive and scrutinise finance and performance reports;
- Pooling central services across a growing number of subsidiaries and in turn reducing recharge levels;
- Access to Group-wide contracts which harness the buying power of the Group, using our scale to achieve lower costs and wider reach; and
- Access to in house expertise, such as treasury management and internal audit, for services which would previously have been outsourced with limited ability to influence service priorities.

3.5 The role of Wheatley Solutions has evolved since its creation. It initially had an oversight role over City Building as we managed its transition from contractor to joint venture. More recently, development activity has moved to Wheatley Developments Scotland, whilst the Solutions Board has been given an oversight role on sustainability and equality, diversity and inclusion.

4. Discussion

<u>Wheatley Solutions staffing and service delivery model</u>

4.1. Wheatley Solutions corporate services expertise and delivery is provided in-house through the 560 staff.

4.2. Wheatley Solutions staff are seconded from across all Group partners, who remain their legal employers. As part of this process we have undertaken the necessary steps to ensure that there is alignment of staff terms and conditions with other Wheatley Solutions colleagues (other than pensions).

4.3. It brings together staff expertise across a wide range of services, including:

IT & Digital Transformation		**Finance**	**Governance**	**Procurement**
HR	**Customer First Centre**	**Treasury**	**Litigation & legal services**	**Assets and sustainability**
Communications & Marketing		**Internal Audit**		
Organisational Development		**Data protection**		**Policy**

4.4. This in-house provision from Solutions across the full range of corporate services allows partner organisations to:

- access expertise that has led to many innovations including funding, new build development, procurement and IT/Digital transformation;
- minimise spend on external advisors, including VAT; and
- share costs with all other Group partners, meaning services are more efficient

4.5. Unlike the other services provided by Solutions, the Customer First Centre ("CFC") is a frontline customer facing service team, but in common with other corporate service teams, provides services across all partner organisations.

<u>Delivering benefits for Group partners</u>

4.6. Wheatley Solutions is focused on how it can benefit the partner organisations it serves. It does not sell services externally, so it can focus on providing the best possible service to other members of Wheatley. Below are a range of examples of where Wheatley Solutions has played a critical role for partners:

Procurement

4.7. The scarcity of Personal Protective Equipment ("PPE") was a business critical challenge for all customer facing businesses during the pandemic. Within our context, a particular challenge was the vulnerability of our customers, especially in the care context.

4.8. The Wheatley Solutions procurement team were able to use their skill, expertise and foresight to establish supply chains very early and consistently maintain high levels of stock on hand. As a result of this we never faced any shortages of PPE throughout the pandemic. This ultimately allowed us to continue to deliver services to highly vulnerable customers that we would not otherwise have been able to.

4.9. Beyond the pandemic response, our procurement team has consistently supported partners by harnessing the scale of the Group to deliver efficiencies which can be reinvested in communities or access to opportunities that would not otherwise be available, including:

- New build framework - delivering more certainty on contractor availability and lowers costs than could be achieved individually;
- Protected 90% of Group Utilities from market volatility by securing fixed rates – it should be noted that such is market volatility that just this 10% nearly doubled our energy bills;
- New DGHP sub-contractor framework - providing greater access/coverage to sub-contractors and integration to Servitor IT platform to facilitate job management and the automation of processes; and
- Community benefits – leveraging the scale of contracts to directly benefit our customers and communities.

IT and digital services

4.10. The pandemic tested every organisation's IT resilience and agility. The strength of our IT infrastructure and supply chains for devices such as laptops and phones allowed us to rapidly transition nearly 1,000 staff to fully homeworking. This was essential in supporting staff continuing to undertake their roles, in particular allowing the Customer First Centre to go virtual and staff to make well over 100,000 welfare calls.

4.11. Over the last 12 months we have also significantly invested in our group platforms and digital transformation, including

- DGHP technology integration – migrating 300 staff and 15,000 customers to Group platforms
- Cyber Security improvements across Ransomware preparedness, email security, home working service access
- Supporting the launch of our new CFC through arrange of technology deployments, updates to CRM platform and voice services
- creation of our new Data Team, supporting advanced analytics and reporting and our Digital Team enhancing our digital change and adoption approaches across Group
- Book, Meet, Communicate, Collaborate digital workplace programme commenced with delivery of Wheatley House project
- Building a new digital support service for staff providing 8am-8pm support for home workers

Treasury

4.12. Our treasury expertise allowed us to immediately refinance DGHP upon joining the Group to ensure that DGHP remained appropriately funded whilst removing the constraints of the previous funding, and associated security, arrangements. This has allowed DGHP to go on to develop a significantly enhanced capital investment programme as well as a new c1,000 home development programme.

4.13. We also recently undertook a funding restructuring exercise which enhanced our capacity to deliver new homes in the future. This included changes to our covenant package as well as DGHP and DGHP3 joining the RSL borrower Group. As part of this savings that could be achieved, up to £11m, over the next 10 years' development programme, can be reinvested in new homes and supporting more affordable rent increases.

<u>Performance measurement</u>

4.14. Wheatley Solutions performance is reported in a range of ways, combining quantitative and qualitative measures. As part of the refreshed Group Performance Framework agreed by Boards over April and May performance measures for a number of Wheatley Solutions services were included, such as:

- **CFC** – a range of performance measures such as call answering times, abandonment rates and first time resolution
- **Sustainability** - CO_2 reduction, new build carbon output and EPC ratings and reaching carbon neutral
- **Health and Safety** – Number of incidents, days lost and notifiable events
- **Fire safety** – Accidental fires and fire risk assessments
- **IT/Procurement** - Online accounts and My Savings
- **People services** – absence levels, apprentices and graduate opportunities and internal promotions
- **Treasury** - Investment grade rating
- **Legal services** - Court actions/evictions

4.15. In addition to the above, each RSL has a more detailed Business Excellence Framework ("BEF") as part of the wider Intra-Group Agreement and Services Agreement. The BEF contains an additional range of quantitative performance measures agreed by the Wheatley Solutions and RSL Boards.

4.16. We report progress against the measures in the BEF to the Wheatley Solutions and RSL Boards bi-annually, with a target of 90% of the measures being delivered over the course of each year. The year-end performance for 2021/22 against these measures showed Wheatley Solutions achieved 90% or greater for each RSL.

4.17. As part of the BEF we also hold bi-annual reviews with Managing Directors to receive feedback on Wheatley Solutions services and potential areas for refinement. The feedback from all Managing Directors for 2021/22 was very positive overall. Areas of particular value highlighted included: the support and advice on partner specific activities and its availability on demand; the service being adapted to meet their specific needs or challenges, such as the enhancement of HR wellbeing services; and having a lead identified for their organisation, such as in finance and governance, who has in depth knowledge of their organisation.

4.18. We also received some feedback on areas where we could refine our approach. One area was how we communicate to partners organisation staff what services are available in Wheatley Solutions. In response to this we have created a Wheatley Solutions directory listing all services, what support they can offer and a named contact (which is kept up to date).

4.19. A further area of feedback was that Wheatley Solutions services would benefit from service standards in key areas. Examples included: how long IT support requests should take to be completed; response times to request for support i.e email; and timescale for the availability of performance related data. The feedback clearly indicated there was no desire to return to detailed Service Level Agreement, but that defining some areas would be beneficial.

4.20. We are now reviewing the Services Agreements and BEFs to reflect more fully our new operating model and to take the feedback from managing Directors into account. We are already reporting more quantitative measures at Board level as part of the performance framework. The review will be focused on co-creation, collaboration and understanding partner's priorities.

4.21. We also intend to introduce a rolling programme to test satisfaction with services delivered by Wheatley Solutions. This will adopt a similar discipline to that of how RSLs test customer satisfaction, with customers asked to provide feedback on the services they deliver and senior leaders accountable for that feedback

4.22. A question set will be developed based on what partner organisations tell us is important to them from Wheatley Solutions services, such as:

- Quality of communication
- Ease of access to support
- Timeliness of responses
- Providing tailored support which reflect their organisation

4.23. The programme will test satisfaction with Wheatley Solutions as a whole as well as being deployed at service/departmental level. An element of this already exists, with some Wheatley Solutions services, such as Assurance, routinely seeking feedback.

4.24. An example of Wheatley Solutions engagement was a recent joint, in person, event with DGHP '*Wheatley and DGHP Leaders Session - shared ambitions for 2022-23'.* This was followed up with a lead from Wheatley Solutions services attending an in person DGHP staff conference in Dumfries to engage on how we can support DGHP staff and receive feedback on DGHP staff priorities.

4.25. Although the detailed, bespoke BEFs are only in place for RSLs as part of meeting regulatory obligations, these will also be formally extended to Wheatley Care and Lowther Homes as part of the review process.

4.26. In addition to the above, Wheatley Solutions also delivers services to and engages with Boards directly, such as

- Routine finance and performance reports
- Governance reports and proposals for Board feedback
- Thematic reports such as Assurance and cyber security updates

4.27. The range of quantitative and qualitative reporting in place has significantly enhanced the level of accountability and transparency of Wheatley Solutions performance to partner Boards. This provides us with a strong base ahead of the review of the Services Agreement and BEFs.

<u>Wheatley Solutions intragroup recharging structure</u>

4.28. In addition to transparency on performance and service delivery, we have an established structure for associated recharges. Costs for the provision of Wheatley Solutions services are charged out in full to the trading subsidiaries within the Group on an allocation basis that is representative of each subsidiary's use of Group services. As set out in the Group charging policy, this is achieved by allocating costs based on each subsidiary's share of Group turnover. This approach is adjusted in certain cases to take account of the specific nature of the subsidiary (e.g. Care services) or where the subsidiary does not access all services provided by Solutions. The allocations used for 2022/23 are:

Subsidiary	% Allocation
WH Glasgow	68.2%
Lowther Homes	5.4%
Loretto HA	2.6%
Wheatley Care	0.8%
West Lothian HP	0.4%
Dunedin Canmore HA	9.2%
Wheatley Foundation	1.0%
DGHP	12.4%
	100.0%

4.29 In order to comply with HMRC transfer pricing requirements, a 5% mark up is added to the core costs recharges. In turn, Wheatley Solutions reimburses certain RSLs for head office costs for the use of owned office space. This results in Solutions reporting a year financial position close to break even.

4.30 For the 2022/23 financial year, Solutions has budgeted costs of £41,032k. This includes all staff and running costs for services, costs for the provision of regulated insurance activities to owners' on behalf of Lowther and head office costs. The table below summarises the 2022/23 budget which is extracted from year 1 of the approved financial projections and shows that after the recharging of its costs to Group subsidiaries a small profit of £3k remains.

Table 1: Wheatley Solutions 2022/23 approved budget

	2022/23 Budget
	£k
Income	41,035
Expenditure	
Staff costs	(21,772)
Running Costs	(13,862)
	(35,634)
Regulated insurnance activities	(3,609)
Head office costs	(1,789)
	(41,032)
Profit before tax	3

Cost efficiencies

4.31 One of the benefits of the in-house provision of support services is the ability to drive cost efficiencies in conjunction with the reshaping of our back office service model and to take advantage of economies of scale through the growth in the size of the Group, contributing to the overall strategic objective to provide the Group's customers with value for money services.

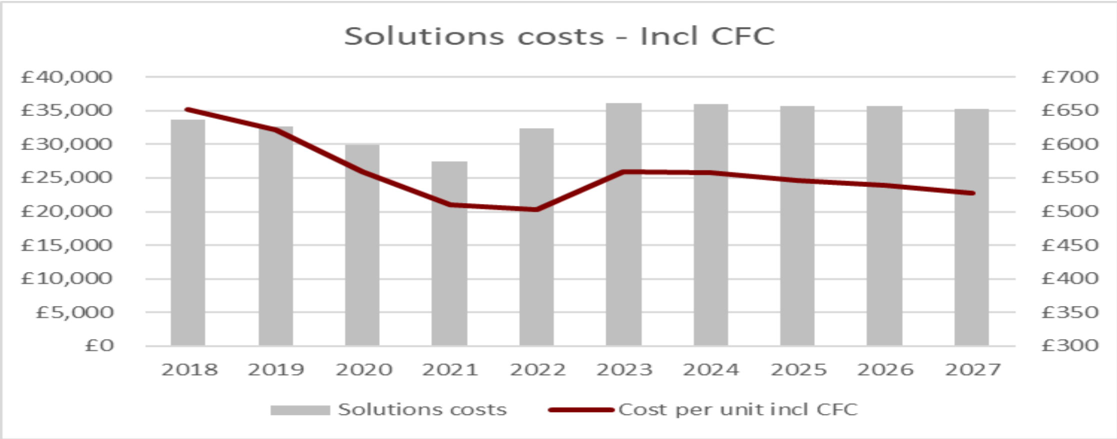
4.32 Wheatley Solutions has a well-established track record of delivering efficiencies. From 2018, after adjusting actual costs to restate in real terms to take account of inflation, the cost per unit of Solutions functions reduced from £651 per unit to £503 per unit for the year to March 2022.

4.33 These per unit measures include the costs of the services provided by the CFC and the recent changes to their service model which has been significantly re-shaped to support our new ways of working. This has created a single point of resolution for all customer queries and freed up housing officers to focus on face to face interactions in their patches.

4.34 Additional staffing resources have been deployed in the CFC to support delivery of the new model increasing headcount from 104 FTEs to 260 FTEs through a combination of newly created posts and restructuring of existing staff increasing staff and running costs by £4.5m per annum to £8.6m per annum.

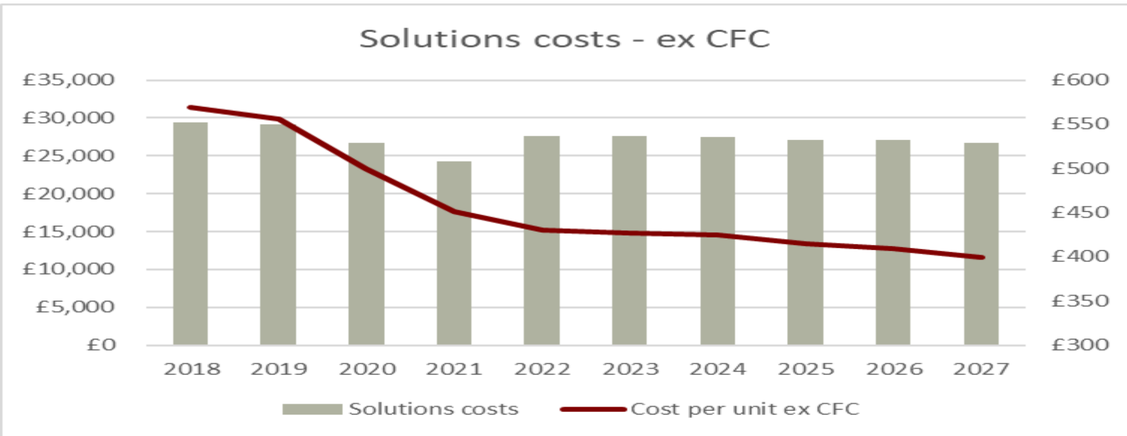
4.35 This is the key driver for the increase to Solutions costs between 2021 and 2023 following the phased implementation of the changes in the fourth quarter of 2022. This in turn has uplifted the cost per unit in 2023 to £559 from £503 in 2022. Cost per unit reduces thereafter to £528 by 2027 on the achievement of planned efficiencies as shown in chart 1 below.

Chart 1: Solutions costs and cost per unit



4.36 Taking only corporate support functions provided by Solutions and excluding the costs of the CFC gives a clearer view of the underlying cost of the core support service provision. This is shown in Chart 2 with a cost per unit of £559 in 2018 for core back office services reducing to £430 for the year to March 2022. Total overheads also match this reducing trend with the exception of an increase in 2022 from the expansion of the Solutions service offering to DGHP and the secondment of corporate services staff from DGHP to Solutions. This did not however have an impact on cost per unit as the unit numbers increased correspondingly.

Chart 2: Solutions costs and cost per unit excluding CFC



4.37 The cost per unit of core corporate support services is projected to continue to reduce from £430 at March 2022 to £399 by 2027 as a result of future cost efficiencies which have been targeted in the Solutions financial projections principally within running costs. These targets are supported by our digital transformation strategy and help reduce our transactional costs with our customers. The integration of DGHP to group wide systems will also allow us to take advantage of cost efficiencies in IT support and maintenance costs. These savings will create additional financial resources for partners to reinvest in customer facing services, investment and wrap around support.

4.38 In order to understand the value for money being delivered by Wheatley Solutions we are part of sector benchmarking through Housemark, a data and insight company for the UK housing sector.

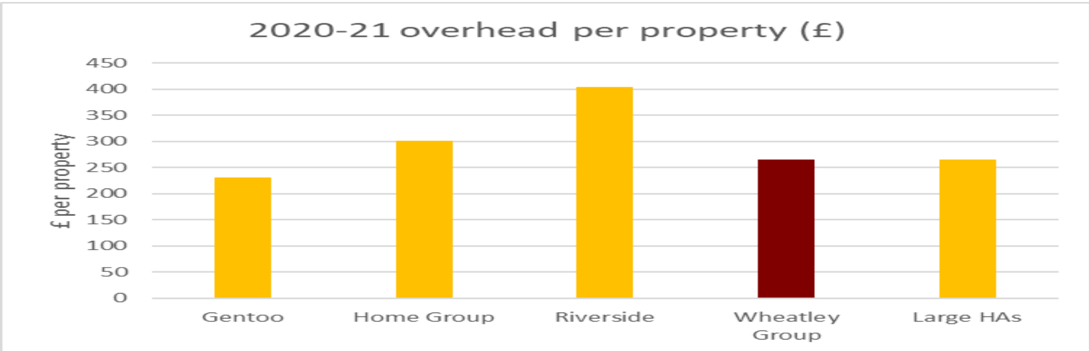
4.39 Our comparator group is large Housing Associations (over 10,000 units), excluding London and South East based organisations given their different economic context. The comparator group includes large organisations such as Riverside, Home Group and Gentoo.

4.40 Housemark applies a standardised benchmarking methodology. The methodology excludes finance and IT costs as they are subject to standalone benchmarking given they are normally the largest corporate services teams. Benchmarking at this level confirms we compare very well. Our finance team is the lowest in its peer group by the cost per property measure and our increased investment in digital transformation has seen us now have revenue costs that are broadly in line with the national average.

4.41 The benchmarking feedback for 2020/21 shows that in their assessment of central overheads, less finance and IT, we compare well with other large housing associations in the UK. The Housemark definition of central overheads includes the majority of the remaining Solutions functions, the Executive team as well as other non-pay overheads such as property insurance costs.

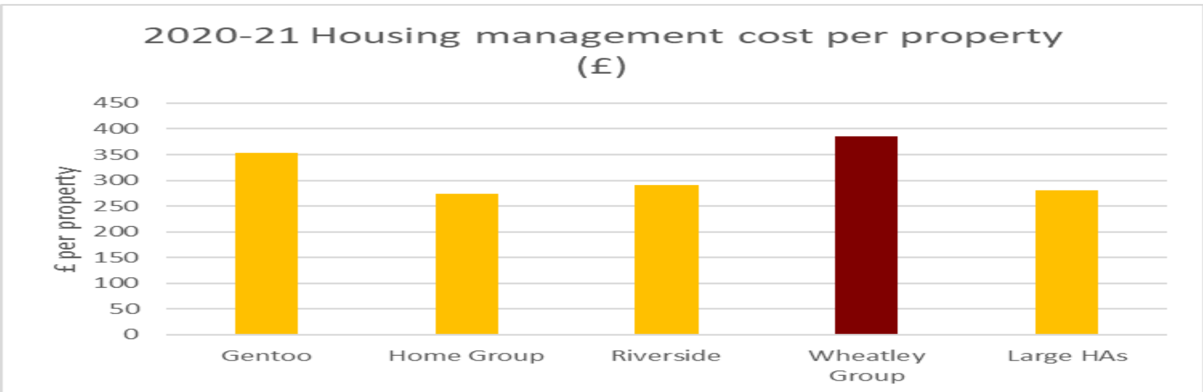
4.42 The costs of the CFC are allocated according to the activities staff carry out. A small element is accounted for within Housemark's central overhead measure with the majority reported through their housing management benchmark.

Chart 3: Housemark overhead comparison



4.43 The direct benefit of the efficiencies that we deliver and how they support higher investment in value added services to customers is also shown by the Housemark data on our housing management costs which shows that relative to other organisations we invest proportionately more in housing management and customer facing services.

Chart 4: Housemark housing management spend



4.44 This represents the critical elements of our housing model, such as 1:200 patch sizes, concierge in MSFs and W360 and which are not replicated in the comparator group. The majority of the costs of the CFC are reported here and the additional resources put in place in 2021-22 will show through this measure when it is next updated.

Future priorities

4.45 Wheatley Solutions and its Board's future priorities and focus reflect the priorities and strategies of its partners and the Group more widely. A separate report on the agenda sets out in more detail how it is responding to feedback on the development of digital and online services.

4.46 Sustainability is now a key priority, with a strategic project agreed to develop a strategic sustainability framework, our Pathway to Net Zero Group ("PTNZG") now in place and sustainability incorporated into the Wheatley Solutions Board Terms of Reference.

4.47 The PTNZG has held its first meeting and its Chair attended the last Wheatley Solutions Board in May to give it feedback on its first meeting and plan for the year ahead. The Wheatley Solutions Board will continue to oversee and scrutinise the activity of the PTNZG.

4.48 As we continue to implement our new staff operating model we have a wider range of activities planned in the year ahead to support our staff thrive under the model. This includes a review of our Group Learning Framework, the continued roll out of new leadership programmes bespoked to reflect our operating model, and finalising our Centres of Excellence programme.

4.49 As discussed earlier in the report we will be refining our approach to receiving feedback from partner organisations on Wheatley Solutions services. We intend, for example, to consider how our customer sentiment analysis tool can support more dynamic satisfaction surveying and immediate feedback.

5. Customer Engagement

5.1 Wheatley Solutions is reflecting the group and our partner organisation's focus on enhancing customer engagement and co-creation. Customer engagement is being incorporated into all appropriate Wheatley Solutions activity, as seen in the recent Group Delivery Plan strategic projects.

5.2 Recent examples of where we have engaged with tenants in how we will deliver services from Wheatley Solutions include:

- Tenants testing elements of our digital services to provide feedback on the user experience - the feedback is being used to make changes; and
- Scrutiny panel engaged on our planned approach to collecting equalities data

6. Environmental and sustainability implications

6.1 There are no direct environmental or sustainability implications arising from this report. A key activity is the development of a group strategic sustainability framework and once agreed implementation will be monitored by the Wheatley Solutions Board.

7. Digital transformation alignment

7.1 Our digital transformation programme is a central element of delivering our strategy, ranging from how we engage customers also support staff collaborating, to how we deliver our services and keep our data safe.

7.2 The Wheatley Solutions Board is responsible for oversight and scrutiny of the delivery of our digital transformation programme. It is a standing item at its Board meetings and is also reflected in its performance measures such as digital maturity level.

8. Financial and value for money implications

8.1 Wheatley Solutions has a track record of delivering cost efficiency targets having reduced the cost per unit of core corporate services from £559 per unit in 2018 to £430 per unit in the year to March 2022.

8.2 We have a strategic objective to provide Wheatley subsidiaries with excellent services that represent value for money and future cost efficiencies are targeted in the Wheatley Solutions financial projections which were approved by their Board in February 2022.

8.3 Wheatley Solutions is financially neutral and any variance to financial projections are passed on to Group subsidiaries with the risk sitting with the individual entities. In year budgetary control within Wheatley Solutions remains key as an unfavourable financial performance could have a material impact on their ability to meet loan covenants or service interest payments.

9. Legal, regulatory and charitable implications

9.1 The existing Services Agreement and Business Excellence Framework allow our RSLs to meet their regulatory requirements in relation to having clearly defined arrangements for intragroup services in a group structure.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to governance is cautious. The creation of Wheatley Solutions was designed to enhance the governance and oversight of the delivery of corporate services.

10.2 There is a risk that Wheatley Solutions services are not appropriately tailored to or focussed on partner organisation's priorities. We mitigate this risk through a combination of the composition of the Wheatley Solutions Board, a services agreement agreed by partner Boards and ongoing staff engagement.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 Wheatley Solutions has allowed its partner organisations to access a wider range of services and expertise than would be otherwise possible. In parallel Wheatley Solutions has delivered a service which has continuously improved whilst harnessing the scale of the group to deliver efficiencies and greater value for money.

12.2 The comparatively low costs in Wheatley Solutions are consistent with our objective that efficiency in Wheatley Solutions enables spending more in customer facing activities and services.

13. Recommendations

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

LIST OF APPENDICES: None

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Strategic governance review – implementation update**

Date of Meeting: **29 June 2022**

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1. Purpose

1.1 To update the Board on progress with the strategic governance review implementation plan and seek feedback and, where applicable, approval of:

- Board and Committee Terms of Reference;
- The Chair of the Group RAAG Committee
- Group Standing Orders;
- Board and Committee effectiveness review and governing body member individual appraisal policy;
- Group recruitment and succession planning process;
- Group Policy on non-executive director conflicts of interest;
- Disposals and acquisitions policy framework;
- Group Policy on Gifts, Hospitality, Payments and Benefits; and
- Template Intra-Group Agreement

2. Authorising and strategic context

2.1 The Board considered the independent strategic governance review report and agreed an implementation plan at its meeting on 27 October 2021. The Board agreed that the Group Remuneration, Appointments, Appraisal and Governance ("RAAG") Committee should oversee its implementation, with matters referred for the Board's approval where appropriate.

2.2 In additional to Group Board approvals, a number of the changes required formal agreement by individual Boards on behalf of the individual legal entities such as where they are the asset owners or the legal contracting party.

3. Background

3.1 The Board considered the Campbell Tickell report and its recommendations at its meeting on 27 October 2021 and approved our implementation plan. In doing so, the Board agreed the RAAG Committee would monitor implementation progress and, where appropriate, review proposals in detail in advance of them being presented to the Board.

3.2 The RAAG Committee has considered a wide range of individual elements to date, as well as, at its meeting in April, how the individual elements integrated together as a collective.

3.3 Alongside the strategic governance review we have taken the opportunity to review our governance policies more widely, considering any changes or refinements needed to existing policies or where we may need a new policy. The outcome of and recommendations arising from this review were considered by the RAAG Committee at its April meeting. Specific proposals endorsed by the RAAG Committee are contained within the report.

4. Discussion

4.1. The RAAG Committee have received an update on progress to date at each meeting. The final outstanding elements of the implementation were reviewed by the RAAG Committee at its last meeting. An updated position relative to each specific action following the Committee's last review is set out in **Appendix 1**.

4.2. A more detailed update on implementation of each recommendation, reviewed by the RAAG Committee, and related governance matters is set out below:

4.3. Board and Committee Terms of Reference

Subsidiary Board Terms of Reference

4.3.1. The introduction of Board Terms of Reference ("ToR") sought to strengthen our governance by:

- Clearly defining the core role of each individual Board, including matters reserved to each Board;
- Responding to feedback from subsidiary Board members that a single document detailing the role of each individual Board would assist them and future Board members more easily understanding that role; and
- Formally setting out the role and responsibilities of the Chair, including setting (non-exhaustive) parameters for escalating matters to this Board;

4.3.2. Following review and approval by the RAAG Committee, the Boards of Wheatley Solutions, Wheatley Developments Scotland, Wheatley Foundation, Lowther Homes, Wheatley Care and each RSL have now considered and agreed the Terms of Reference ("ToR").

4.3.3. No material changes or points of clarification were raised by any of the Boards and the ToR have been incorporated into the refreshed Group Standing Orders discussed later in the report.

Group RAAG Committee Chair/Terms of Reference

4.3.4. Campbell Tickell recommended that the Chair of the RAAG Committee should transition to no longer being the Group Chair. This recommendation was partially accepted, on the basis that it should be considered in tandem with a reviewed ToR.

4.3.5. The basis for Campbell Tickell's recommendation, which we understand the main source of reference for was the UK Corporate Code, was that:

It is generally perceived not to be good practice for the Board Chair of an organisation to chair its Remuneration Committee or equivalent, nor for them to chair a Nominations Committee when their successor's recruitment is discussed

4.3.6. We reviewed the Committee's TOR in relation to these two specific points: remuneration and Chair succession. In relation to remuneration, the Committee's ToR set out that it should:

"Regularly review and make recommendations to the Group Board in relation to remuneration policy and levels"

"Consider the remuneration and terms and conditions of employment of the Group Chief Executive, seeking external support and advice as required and make recommendations to the Group Board"

4.3.7. The formal approval of Board member and Group CEO remuneration are both expressly reserved to the Group Board. This is a critical difference from the UK Corporate Code, where there is an expectation the remuneration of the Group CEO and Chair of the Board are both approved by a Remuneration Committee.

4.3.8. The Committee's role is expressly limited to making recommendations to the Group Board in relation to remuneration. The Committee's role in making recommendations is also within the context of the requirements of the group governing body remuneration policy, which is approved by the Board. Our remuneration levels are cyclically reviewed every 3 years and as such is not a significant part of the Committee's role.

4.3.9. The Group Chair is therefore not in a position to Chair a Committee which has the power to agree any remuneration. On this basis, it is not considered that our approach to Board remuneration and the Committee's role therein is such that the Group Chair should not Chair the Committee.

4.3.10. As an added layer of assurance regarding any potential perception of a conflict of interest in future, where we are reviewing Board remuneration we will manage the process such that where there are classes of individuals with distinct additional remuneration levels they are not present during the Board discussions on those specific levels.

4.3.11. In relation to succession, the UK Corporate Code states that of Nomination committees:

"The chair of the board should not chair the committee when it is dealing with the appointment of their successor."

4.3.12. The recruitment and appointment of the Chair of the Board is expressly reserved to the Group Board. Our current approach is that the Board appoint a panel to oversee the recruitment of the Chair's successor on their behalf. This is not a role that is delegated to the Committee under its ToR.

4.3.13. As part of the last two Group Chair recruitment exercises the Group Board have agreed a panel to oversee the recruitment of a successor and expressly not permitted the retiring Group Chair to be involved in the process.

4.3.14. On this basis, it is not considered that our approach to Chair succession and the Committee's role therein is such that the Group Chair should not Chair the Committee due to any inherent conflict.

4.3.15. On the basis of the above, it is proposed that the Group Chair remains the Chair of the Group RAAG Committee. As with all Committee Chairs and membership, this will continue to be reviewed annually.

4.3.16. The RAAG Committee have undertaken a review of the Committee's ToR more generally. An updated version, with relatively minor wording changes to improve clarity and bring into the new style, is included in the Group Standing Orders. A tracked change copy of the ToR, reviewed and recommended by the RAAG Committee, is also attached at **Appendix 2A**.

Group Audit Committee Terms of Reference

4.3.17. The RAAG Committee and Group Audit Committee have both considered and agreed to recommend changes to the ToR. The changes seek to respond to the recommendations or suggestions arising from the review which are relevant to the Committee ToR, including:

- Committee chairs should report to the Group Board following each meeting of a committee;
- The roles of the Board and Group Audit Committee in relation to risk management should be made clearer and explained in more detail in documentation; and
- Deep dives into potential risk areas should be included in the remit of Group Audit Committee.

4.3.18. The Committee ToR have been reviewed to take the above into account, as well as wider good practice. Other changes included clarification of:

- the role and responsibilities of the Committee;
- membership of the Committee;
- Committee activities, including oversight of internal and external audit performance and effectiveness;
- The Committee's role in relation to risk management;
- Reporting and escalation arrangements to the Group Board; and
- The role and responsibilities of the Committee Chair.

4.3.19. A tracked change copy of the ToR, reviewed and recommended by the RAAG and Audit Committees is included at **Appendix 2B**.

4.4. <u>Matters reserved and delegations/updated Group Standing Orders</u>

4.4.1. We have undertaken a full refresh of the Group Standing Orders. This includes addressing the following specific recommendations from the review:

a) Matters reserved to and key responsibilities of the Group Board, which now include the subsidiary oversight as an explicit element of the Group Board's role

b) Delegations to the Group CEO

c) The new/refreshed Terms of Reference of each Board and Committee, which now formally include in the role of the Chair the routes and parameters for escalation of issues and risks arising in subsidiaries

4.4.2. The revised Group Standing Orders, reviewed and recommended by the RAAG Committee, are attached at **Appendix 3**. Given the scale of change they are in clean rather than tracked change format.

4.4.3. As well as the changes relating to review recommendations we have undertaken a wider review of the whole document and made the following main changes:

d) Removed all content that is already documented/duplicated elsewhere such as individual constitutions;

e) Incorporated our approach to virtual and hybrid meetings in the Proceedings of Board and Committee meetings section;

f) Removed the Group Authorising Framework and Group Authorise, Manage, Monitor Matrix on the basis that it is now all covered in Board and Committee ToR;

g) Removed the Board appraisal, recruitment and succession sections into standalone documents; and

h) Updated the Scheme of Financial Delegation to reflect our current Group structure and reflect the role of Wheatley Developments Scotland.

4.4.4. The Scheme of Financial Delegation levels have not changed from the existing arrangements on the basis we have not identified any issues with the number of matters requiring Board approval being excessively high or low.

4.4.5. We have however required to reflect the unique role of Wheatley Developments Scotland, where delegation to approve projects is based on meeting development criteria rather than an overarching project value.

4.5. <u>Governance policy reviews</u>

4.5.1. As part of the strategic governance review implementation and the wider policy review process we have identified governance related matters where we propose to evolve the policy environment.

4.5.2. Firstly, as indicated earlier in the report it is proposed that the approach to appraisal, succession and recruitment are contained in standalone documents. It is recommended that we introduce a standalone policy that covers Board and Committee effectiveness review and individual appraisal. A copy of the proposed policy, reviewed and recommended by the RAAG Committee, is attached at **Appendix 4**. It is proposed that the policy is designated as a group wide policy.

4.5.3. The policy now incorporates our agreement to introduce an annual Board and Committee effectiveness review and retains the requirement for the Group Board to have an independently facilitated review every three years. In order to retain flexibility the policy envisages that the RAAG Committee agrees the process and approach annually. The same approach, as is the case currently, is proposed for individual appraisals.

4.5.4. A suggestion from Campbell Tickell was that in relation to Board recruitment:

"there should be a policy and procedure which is distinct from the role of the committee.

4.5.5. It is recommended that rather than a policy, we should have a procedure and that the procedure should also be linked to our succession planning approach. The procedure for both, reviewed and recommended by the RAAG Committee, is attached at **Appendix 5**.

4.5.6. The rationale for combining the two is that succession planning should be directly informing our recruitment. This includes the impact on Board diversity being a specific consideration in succession planning and Board recruitment. It is proposed that the procedure is designated applicable group wide.

4.5.7. By having a procedure rather than a policy we have more flexibility, including where there is an exceptional circumstance where we consider it necessary to depart from the process. In this circumstance agreeing to deviate from the procedure would be preferable to requiring a change of policy.

4.5.8. Two areas we wish to formalise a policy position relate to managing conflicts of interest and disposals and acquisitions. At present we do not have a clear formal policy position in relation to how we will manage conflicts of interest.

4.5.9. As this is an area that can have a reputational impact it is proposed that we introduce a formal policy. This allows us to set expectations of Non-Executive Directors clearly and formally regarding how they declare conflicts.

4.5.10. The proposed policy, reviewed and recommended by the RAAG Committee, is attached at **Appendix 6**. The policy adopts a cautious approach in terms of what we consider constitutes a conflict of interest. The legal and regulatory context section are reflective of the need to have a clear approach in this area. The policy has been reviewed and informed by our external legal advisors. It is proposed that the policy is designated as a group wide policy.

4.5.11. Disposals and acquisitions are an area where we currently have a range if discrete delegations across the Group RSLs. Although they are broadly consistent, given that disposals in particular relate to an area covered by Scottish Housing Regulator Statutory Guidance it is proposed that we have a group wide consistent policy approach.

4.5.12. This will reduce the complexity of applying a range of delegations, define the parameters for acquisitions and disposals and provide a single reference point to refer to before any disposal or acquisition. The proposed policy, reviewed and recommended by the RAAG Committee, is attached at **Appendix 7**.

4.5.13. As the policies may require to be exhibited to an external party, such as the SHR or a utility company by way of authority to sign, it is intended each RSL will replicate the Group policy as an individual policy.

4.5.14. The policy also includes consistent templates to be used to record disposals and acquisitions. Additionally, it confers a requirement to report to the Board annually all disposals and acquisitions undertaken in the prior 12 months. This allows the Board to understand the scale of activity being undertaken under delegated authority. This provides a mechanism for the Board to understand if there is an unexpectedly high level of activity in any given year.

4.5.15. We have also taken the opportunity to update the Group Policy on Gifts, Hospitality, Payments and Benefits. The changes are relatively minor, with the wording tweaked to reflect, for example, the position established during our last review of the Wheatley Homes Glasgow Rules for recruitment of individuals closely connected to Board members (that it is permissible, but subject to this Committee's approval). A copy of the updated policy, reviewed and recommended by the RAAG Committee, is attached at **Appendix 8**. It is proposed that the policy is designated as a group wide policy.

4.6. Template Intra-Group Agreement

4.6.1. We have also taken the opportunity to review our template Intra Group Agreement ("IGA"). The existing version remains relevant and as such only minor changes are proposed, including:

- Reflecting the new Board ToR and documenting an agreement to act in accordance with them
- Reflecting in the language the assumption there will be no sub-Committees of subsidiary Boards

4.6.2. A track changed copy of the existing template IGA, reviewed and recommended by the RAAG Committee, is attached at **Appendix 9**. Subject to Board approval it is proposed that we will implement this form of IGA across the Group. It should be noted that in some instances this will be a tripartite agreement including Wheatley Solutions as our group corporate services provider.

4.7. Risk management

4.7.1. A separate agenda item details the work undertaken to respond to the risk related recommendations. The Group Audit Committee confirmed at its meeting on 13 June that it was satisfied that we have implemented all the risk related recommendations in line with our agreed implementation plan. Appendix 1 details how each specific recommendation has been concluded relative to our agreed implementation plan.

4.8. Next steps

4.8.1. Subject to feedback from the Board we will update all partner Boards and Committees over their August Board meeting cycle. Subject to any material feedback, this will then bring the strategic governance review to a close with the implementation plan fully operationalised.

4.8.2. The Group RAAG Committee will continue to receive updates on the continued operationalisation the implementation of certain elements in line with their ToR.

5. Customer Engagement

5.1 As a corporate governance related matter, there has been no direct engagement with customers. The review does however reiterate that customer engagement informing decision making is a core facet of good governance.

6. Environmental and sustainability implications

6.1 There are no environmental or sustainability implications directly associated with this report. As with equalities, in recognition that sustainability is an important issue for the Group, the ToR for the Wheatley Solutions Board includes it being given governance responsibility for overseeing the delivery of our sustainability framework once approved by the Board.

6.2 The feedback from the Board during the review in relation to a desire to have a stronger focus at Board level on sustainability has already been factored into our 2022/23 Group Delivery Plan strategic projects.

7. Digital transformation alignment

7.1 There are no direct digital transformation implications associated with this report. In terms of our governance more widely, the Wheatley Solutions Board has a clearly defined role in scrutinising the delivery of our digital transformation programme on behalf of the Group. This is a standing item at all Wheatley Solutions Board meetings.

8. Financial and value for money implications

8.1 There are no financial implications arising from this report.

9. Legal, regulatory and charitable implications

9.1 The strategic governance review implementation plan seeks to support our continued compliance with relevant legal, charitable and regulatory requirements. A number of the changes will support and strengthen our Scottish Housing Regulator Assurance Statement for 2022.

9.2 As we have throughout the process we will continue to engage our legal and professional advisors where appropriate, including in relation to wind up of Novantie and the WLHP/DCH consolidation.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”. This reflects our risk appetite in relation to laws and regulation, which is “averse”, with the avoidance of risk and uncertainty a key organisational objective and a priority for tight management controls and oversight.

10.2 Our strategic risk register contains the risk “*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*.”

10.3 As part of our mitigation of this risk we commissioned the strategic governance review and submitted our governance arrangements to independent external review. As part of the review, Campbell Tickell made a series of recommendations on steps we could take to enhance our risk mitigation. We have now concluded an implementation plan to respond to those recommendations.

11. Equalities implications

11.1 There are no equalities implications directly associated with this report. In recognition that equalities is an important issue for the Group, the proposed ToR for the Wheatley Solutions Board include it being given governance responsibility for overseeing our Group approach.

12. Key issues and conclusions

12.1 Our implementation plan for the review has now been delivered. The changes made will further strengthen what was recognised in the strategic governance review as already strong, robust governance arrangements.

12.2 The review will strengthen our evidence base for the 2022 Annual Assurance Statement regarding compliance with the SHR's Regulatory Framework. We have kept the SHR up to date throughout the process.

13. Recommendations

13.1 The Board are asked to:

1) Approve the revised Group Standing Orders, including the updates therein to matters reserved, Committee Terms of References, new Board ToR and the Scheme of Financial Delegation;
2) Agree that the Chair of the Group Board may still be the Chair of the Group RAAG Committee, subject to the standard annual Board approval of Committee Chairs;
3) Confirm Jo Armstrong's continued appointment as Chair of the Group RAAG Committee until the next annual review;
4) Approve the Board and Committee effectiveness review and governing body member individual appraisal policy and its designation as a Group wide policy;
5) Approve the Group recruitment and succession planning process;
6) Approve the Group Policy on Non-Executive Director conflicts of interest and its designation as a Group wide policy;
7) Approve the Disposals and acquisitions policy framework and that it form the basis for each relevant subsidiary to create a standalone version;
8) Approve the refreshed Group Policy on Gifts, Hospitality, Payments and Benefits and its continued designation as a Group wide policy; and
9) Approve the refreshed Template Intra-Group Agreement and that each relevant entity be asked to enter into it with Wheatley Housing Group Limited;
10) Delegate authority to any of the Chair, Group Company Secretary or Group Chief Executive to execute the Intra-Group Agreement on behalf of the Company with any group subsidiary; and
11) Agree that the strategic governance review now be considered to be fully implemented.

LIST OF APPENDICES:

[Policies available under Publication Scheme here: Publication scheme | Wheatley Group (wheatley-group.com)]

Appendix 1	Strategic governance review implementation update
Appendix 2A	Track change Group RAAG Committee Terms of Reference [redacted]
Appendix 2B	Track change Group Audit Committee Terms of Reference [redacted]
Appendix 3	Revised Group Standing Orders [redacted available here Wheatley-Group-Standing-Orders-2022.pdf]
Appendix 4	Board and Committee effectiveness review and governing body member individual appraisal policy [redacted]

Appendix 5	Group recruitment and succession planning process [redacted]
Appendix 6	Group Policy on Non-Executive Director conflicts of interest [redacted]
Appendix 7	Disposals and acquisitions policy framework [redacted]
Appendix 8	Group Policy on Gifts, Hospitality, Payments and Benefits [redacted]
Appendix 9	Template Intra-Group Agreement

Strategic governance review – implementation

Recommendation/Area for refinement	Agreed approach	Indicative timescale	Updates
Group Structure			
Recommendation 1 Wheatley should continue the journey of group consolidation on the current trajectory, in ultimate pursuit of operating a single RSL for governance purposes (with services and oversight tailored to local communities as desired). 1. Movement to three geographically-determined RSLs is a reasonable step in this direction which appears to have broad support, and should be progressed	Partially accept recommendation – (step to three geographically-determined RSLs only) It is proposed that we accept the recommendation to explore the benefits of moving to three geographical RSL subsidiaries. This will remain subject to it being able to deliver demonstrable and quantifiable benefits for tenants. The first step will be a detailed assessment of whether combining business plans of group RSLs in the east of Scotland would create a stronger base for investment, new build and keeping rents affordable. We would not accept the proposal that a single RSL should be our ultimate goal. Our different geographies retain distinct local characteristics; for example, the largely rural nature of Dumfries & Galloway compared to the cities of Glasgow and Edinburgh, and we consider that locally-based governance, and local tenant voices on boards, remains important in that context.	**Complete**	An assessment of combining business plans of WLHP and DCH was considered by both Boards. A tenant formal consultation was subsequently completed and the tenant ballot is due to close on 27 June 2022. **This completes the actions agreed as part of the initial implementation plan.** Further consideration of the 3 RSL option will form part of the strategic planning process as part of the next strategy refresh.
Continue current consolidation approach (4.2-4.3)	Partially accept recommendation It is proposed we accept this recommendation as a direction of travel. This will remain subject to it being able to deliver demonstrable and quantifiable benefits for any consolidation. We have already agreed to wind up Novantie within DGHP. It is proposed, as discussed during the Board funding discussions, that subject to detailed financial/tax and legal advice, we transition DGHP3 to become our development vehicle. Unlike the Group Development Committee, it would legally contract with developers/contractors on behalf of RSL borrower Group members, and RSLs would then purchase completed properties from it under clear intra-group legal agreements. As it is not part of the borrower group, Lowther Homes projects would follow the current approach ie. individual projects approved by the Development Company Board but legally contracted by Lowther Homes. This would then replace the role of the Group Development Committee, which would be wound up. As part of this process (linked and relevant to later recommendations) we would develop a refreshed Terms of Reference based on the existing Group Development Committee version. This will then be used as a basis to review the skills and experience required by the new Development Company Board. As part of this process, we would also review the size and membership of the Board. Due to the nature of their roles, including their relevant charitable and FCA registered statuses, no material efficiencies or reduction in complexity have been identified with consolidation of either the Wheatley Foundation or Wheatley Solutions into other parts of the group structure.	**Complete**	The new development vehicle, Wheatley Developments Scotland, is now in place and has held its first meetings. The Group Development Committee has now been wound up. The Novantie wind up has been agreed by the Novantie, DGHP and Group Board and is now in progress. We have already concluded the following: ▪ property transfers back to DGHP by way of dividend in specie; ▪ Lowther appointed as factoring agent for DGHP; ▪ Management agreement in place between Lowthwr and DGHP for commercial properties; and ▪ MMR lease agreement in place between Lowther and DGHP for MMR stock. **This completes the actions agreed as part of the initial implementation plan.** Updates will continue to be provided to the Group Board as we conclude the various legal steps to effect the agreed changes.

Ongoing consideration should be given to the opportunity to deepen tenant insight using case studies and customer journeys, data and interaction with established tenant groups such as the Scrutiny Panel. (4.9-4.10)	1) Agree – implementation already underway To be covered by the implementation of the new Group Engagement Framework, which will be monitored at individual Board level post consultation. An update to the Board on progress of this across the group will be scheduled for the 2022 strategy residential.	**Complete**	Update report to the Group Board agenda in April meeting (rather than waiting until the residential) and thereafter to each RSL Board and the Lowther Board in May. **This completes the actions agreed as part of the implementation plan, with the Lowther Board and RSL Boards now responsible for ongoing monitoring of implementation of their own engagement plans.**
Recommendation 2 Arrangements for control and oversight of the group's subsidiaries should continue to evolve and develop as the group structure changes as follows:			
1. Clarify in documentation how the Group Board maintains overview and scrutiny of the subsidiaries, including the routes and parameters for escalation of issues and risks arising in subsidiaries	1) Accept recommendation Additional wording to be added to Group Standing Orders to further codify scrutiny role and define routes and parameters for escalation. It should be noted there are already existing mechanisms in place in key areas, for example through the Scheme of Financial Delegation and risk scoring thresholds. It is intended escalation becomes a defined responsibility of individual Board Chair, in discussion with the Group CEO – formalising what happens in practice.	**Complete**	**Complete -** Wording agreed by RAAG in December 2021 as planned. This has now been incorporated into the wider review of Group Standing Orders. The updated version Group Standing Orders were reviewed at the April 2022 RAAG Committee. The revised Group Standing Orders are now recommended by the RAAG for formal Group Board approval and adoption.
2. Prepare terms of reference for subsidiary boards so that there is a clear and definitive description of the role and responsibilities of each board	2) Accept recommendation Whilst this already largely exists via the Group Authorising Framework and Group Authorise Management Monitor Matrix this process will also act as a mechanism to ensure that roles and responsibilities of each Board (rather than individual Board members), including relative to the wider Group, are well defined and understood by each Board. Terms of Reference will be prepared and considered by each individual Board and thereafter be subject to Board approval. It is proposed that as part of this process Wheatley Solutions is formally designated the responsibility for oversight of the Group's environmental and sustainability activity as well as clearly defined responsibility for emerging areas such as Equality and Diversity and retrofitting.	**Complete**	**Complete** - All Terms of Reference have been reviewed and agreed by the RAAG and the respective Board. They are incorporated into the Group Standing Orders presented for approval.
3. Institute regular reporting of some form by subsidiary chairs to the Group Board (accepting interim arrangements may be required pending reduction in the size of the Group Board)	3) Partially accept recommendation Given the current number of subsidiary Chairs, there is, as recognised, a practicality issue attached to this recommendation. Also, the core purpose of having Subsidiary Chairs as Board members is to ensure this happens in practice through Board discussions. It is proposed therefore that as interim arrangement we formally document in the Group Standing Orders a requirement for Subsidiary Chairs to feedback any material issues to the Group Board during Board discussions.	**Complete**	**Complete** – It was initially agreed this be covered at Group Board under AOCB in short term until the process set out in the Terms of Reference is formally adopted. This was confirmed to Group Board, including the Subsidiary Chairs, as part of December 21 implementation update. This is now also formalised in the role of the Chair in all Terms of Reference.
4. Set a single risk appetite for the group, with tolerances within which the subsidiaries are required to operate	4) Partially accept recommendation We have different risk appetite levels which reflect the different maturity levels and types of activity across the Group. It is proposed the underlying requirement for the Group Board to have control over risk oversight is met by all risk appetite statements and any changes requiring Group Board approval. All risk statements are due to be reviewed in spring 2022.	**Complete**	**Complete** – Each Board has now held a risk workshop and the updated risk appetites are set out for Board approval in a report on this agenda.

5. Maintain confidence that stress-testing and scenario-testing sufficiently test the implications of difficulties arising in subsidiaries	5) Accept recommendation This is built into our business planning and there are no plans to change this approach.	Not applicable	Incorporated in business plan updates over February Board cycle
Group Board members do not all consistently feel fully sighted on the activity and priorities of subsidiaries of which they are not a Board member…….we would typically expect the Group Board to have access to subsidiary minutes (4.18)	Agree – implement suggestion To enhance visibility Group Board members will be given access to all subsidiary Board papers (for information, not review) via Admincontrol. Previous feedback indicated the Board did not wish subsidiary Board minutes to be a standing agenda item due to their volume – the availability via Admincontrol now provides the option to all Board members to consider in advance of Board meetings. Note that for some time, as required under FOI law, all subsidiary board minutes have also been freely available on our websites. We will also re-introduce the 4 Group Governance Events we held every year prior to Covid. These were a mandatory part of being a board member in Wheatley, and allowed Board members to hear about activities in other parts of the Group. Risk will be a theme in these sessions.	**Complete** **Complete**	All group Board members have been issued relevant AdminControl links. **Previously agreed as complete.** The RAAG agreed in April that group events be reintroduced from September (to be coupled with our AGM). Board CPD has now also been recommenced and was covered as part of the Board appraisal discussions currently well advanced across the Group.
Some subsidiary Board members told us…Subsidiary chairs do not necessarily provide 'downwards' feedback from the Group Board, but that they would welcome this (4.19)	Agree – implement suggestion Subsidiary Chairs (supported by Board Lead Executives) shall be required to give their own Boards a brief update on any material, relevant (non sensitive) issues from the Group Board.	**Complete**	Being undertaken by Subsidiary Chairs as appropriate. **Previously agreed as complete.**
There would be merit in reviewing Matters Reserved and delegations to ascertain if further streamlining could take place. (4.28)	Accept suggestion A full review of matters reserved and delegations will take place as part of the implementation process. This will include a review of the Group Standing Orders and the template Intra-Group Agreement.	**Complete**	Updates to matters reserved were reviewed and agreed by the RAAG Committee and have been incorporated into the revised Group Standing Orders. The RAAG Committee also agreed a refreshed template Intra-Group Agreement which is presented for Group Board approval.

Role and remit of Boards and Committees			
<u>Recommendation 3</u> Adjustments should be made to ensure group committee arrangements are optimally effective and reflect good practice as follow: 1. Committee chairs should report to the Group Board following each meeting of a Committee	1) Partially accept recommendation It is proposed this is implemented and reviewed after 12 months. If, as proposed, the number of Committees will reduce this will become more efficient. It is proposed that a 1-page format be developed for the update and this is issued in advance with the Board papers.	**Complete**	Template for reporting agreed Group Board. **This is now in operation and complete.**
2. On the departure of the current Group Chair, new arrangements should be made for chairing of RAAG, so that in due course this role is no longer held by the Group Chair	2) Partially accept recommendation It is proposed that prior to agreeing whether to fully accept this recommendation we review the Terms of Reference of the RAAG Committee. Following this review, the recommendation shall be reconsidered within the context of any proposed amendments to the Terms of Reference.	**Complete**	**Complete** - The Committee approved revised RAAG Terms of Reference and the proposed approach regarding the Chair in February 2022. These have now been incorporated into the Group Standing Orders.
3. There should be clear arrangements for communicating recommendations and advice from the Scrutiny Panel to the Group Board	3) Accept recommendation To be covered by the implementation of the new Group Engagement Framework.		
<u>Recommendation 4</u> Responsibilities within the governance structure in relation to risk management should be clarified and amplified as follows: 1. The roles of the Board and GAC in relation to risk management should be made clearer and explained in more detail in documentation	1) Partially accept recommendation – Following the risk management workshops planned for spring 2022 our documentation will be updated	**Complete**	Revised Group Audit Committee Terms of Reference covering these points have been reviewed and agreed by the RAAG and Group Audit Committees. These are part of the revised Group Standing Orders, the combination of which will sets out the respective roles of the Group Board and Group Audit Committee.
2. Deep dives into potential risk areas should be included in the remit of GAC	2) Partially accept – linked to 1), this shall be reviewed following the risk management workshops as part of a wider refinement of our approach and associated roles and responsibilities. There are a number of areas where we already do this in practice just not characterised as 'deep dives. Examples over the last year have included cyber security, fire safety being added to the Audit committee as a standing item, furlough, PPE and business plan assumptions.	**Complete**	

Recommendation 5 Reporting about and oversight of risk within the governance structure should be strengthened as follows:			
1. Reporting to Group Board should generally focus on the top 10-12 strategic risks 2. Risks should usually be presented in ranked order of residual score (highest scoring first) – we understand this is already planned	1) and 2) Accept recommendation Strategic risk register structure to be updated to be ranked in order, which will ensure the top10-12 are also more prominent	**Complete**	The approach was agreed by the Group Board in Feb 22. **This is now in operation and complete.**
3. A Board Assurance Framework or other form of reporting should be developed to provide the Board periodically with greater depth of information about the sources and strength of assurance available in relation to key risks	3)Partially accept recommendation It is proposed that we embed this within the risk register reporting format. Core sources of assurance will also include detailing where risks are considered by Boards/Committees across the Group. Revised risk register format to be reviewed by Group Audit Committee in Feb 2022.	**Complete**	See above
4. Consideration should be given to depicting controls against the three lines of defence in order to make it easier for the Board to recognise gaps	4)Accept recommendation (to consider) To be considered as part of the review of the risk register reporting format and proposals. Revised risk register format to be reviewed by Group Audit committee in Feb 2022.	**Complete**	See above
5. Work to align risk appetite with risk scoring should be completed and used to make it clear in reporting whether risks are being managed within the appetite set by the Board – as already planned	5)Accept recommendation As recognised, this is already planned and will be completed as part of the risk workshops.	**Complete**	See earlier timeline on review.
6. As a minimum, GAC should have included in its papers any full internal audit reports giving less than substantial assurance	6)Partially accept recommendation All Internal Audit reports are already available on request. It is proposed that the Chair of the Group Audit Committee is responsible for agreeing, in consultation with the Chief Internal Auditor, where the findings of the report are such the full reports should be issued in advance rather than on request. As both roles are independent of management, this further strengthens the impartiality of the decision.	**Complete**	To be agreed by Committee Chair on ongoing basis as part of meeting pre-meets. **This is now as complete and in operation.**
7. The frequency of reporting on risk to subsidiary boards should be increased to quarterly	7)Accept recommendation To be implemented from 2022.	**Complete**	Now formally scheduled for quarterly for 2022. **This is now complete and in operation.**

Opportunity could also be created by periodically making time and space on or around agendas (for example, short sessions before or after Board meetings) to discuss key risks and strategic challenges (5.9)	Accept suggestion in respect of time on Board agendas It is proposed this is set within a wider context of introducing some themed Board meetings which would have risk embedded within the discussions. For 2022 it is proposed this is covered as follows: ▪ February – Finance ▪ March – Governance and sustainability (via workshop) ▪ April – Investment Arrangements for how the meetings would be structured, to also allow core business to also be covered will be agreed with the Group Chair and a 2022 planner presented to the next Board for approval.	**Complete**	Board planner for 2022, including themes, agreed by Board in December 21. **This is now complete and in operation.**
Group Audit Committee - The terms of reference do not include reference to oversight of internal controls and we would recommend that the risk section should have more definition. (5.23-24)	Accept recommendation In practice, internal controls are inherent in the approval of the Internal Audit Plan and monitoring Internal Audit reviews. Similarly, the committee undertakes what are effectively deep dives (this is English regulatory terminology for a detailed review) in areas such as fire safety and cyber security. However, the Committee Terms of Reference will be reviewed by Committee, including: ▪ to make specific reference to internal controls ▪ review the risk wording, including what, if any role, the Committee should have undertaking 'deep dives' ▪ recommendations made to the Board.	**Complete**	**Complete -** Revised Group Audit Committee Terms of Reference covering these points have been reviewed and agreed by the RAAG and Group Audit Committees. These are part of the revised Group Standing Orders.
Board composition			
<u>Recommendation 6</u> The size of the Group Board should be reduced and its membership aligned with the skills and diverse attributes it requires to be effective 1. The route to achieving a smaller Board which we set out in our 2018 report remains valid 2. Renewed efforts should be made to ensure that the Board has a diverse membership	1) & 2) Partially accept recommendation It is proposed that given the importance of the recommendations a Board workshop to consider composition, diversity and succession planning is scheduled for spring 2022. This will include the suggestion (6.4-6.5) we consider formalising the prioritisation of skills and diversity in the process for recruiting partner Chairs.	**Complete**	The Group Board agreed a revised three year succession plan at its workshop in March 2022. As part of this diversity markers to be considered as part of future succession planning were also agreed. **This is now complete, but will remain subject to the normal ongoing by the RAAG Committee.**
Board tenure (6.6) Six year terms as the usual default are increasingly viewed as good practice and a number of Group Board members told us that they feel strongly that this should apply at Wheatley.	To be considered as part of Board workshop linked to recruitment and succession planning.	**Complete**	**Complete** - This suggestion will not be adopted, with 9 year maximum tenures remaining in place.
Recruitment and succession (6.9) We suggest that there should be a policy and procedure which is distinct from the role of the committee.	Accept recommendation To be developed following the Board workshop and relevant approval sought thereafter.	**Complete**	**Complete** - A draft procedure was reviewed and agreed for recommendation to the Group Board by the Group RAAG Committee. It was agreed by the RAAG Committee a procedure is sufficient rather than creating a new policy.

Recommendation 7 Development of the approach to Board and Committee skills mapping to ensure sufficient expertise and inform succession planning should continue.	Accept recommendation This is already underway at partner Board level. It is intended a full skills mapping of the Board and Committees be undertaken to inform the Board workshop proposed above to inform the discussions.	**Complete**	A Board skills matrix has been agreed and a skills mapping exercise completed. This informed the Board workshop and will be used to inform future recruitment and succession planning. All Board and Committees are adopting skills mapping on this basis. **This is now complete and operational.**
Recommendation 8 The rules of GHA should be amended to remove the requirement for the next Chair to be a tenant. 1. It should remain the case that some members of the Board must be tenants 2. It should be specified that either the Chair or the Vice Chair should be a tenant 3. Considerations should be given more widely within GHA to ensuring that the voice of the tenant is heard in a variety of different ways within the governance of the organisation, including building on digital engagement methods and in line with Wheatley's new engagement strategy	The GHA Board is scheduled to have a workshop in January 2022. It is proposed that they are asked to consider the recommendations and provide feedback before the Board make a final decision on these recommendations.	Update to Board Feb 22	The GHA Board has an SGM scheduled for 29 June to agree the changes to its Rules. The changes are in line with the parameters agreed by this Board.
Board practice			
Recommendation 9 Boards and committees should be supported to participate together in effective discussion and decision-making as follows: 1. New arrangements for holding virtual meetings should be agreed and adopted as a matter of relative urgency, which allow the whole of any Board or committee to participate in discussion and decision-making together – such that these are available if needed 2. A hybrid model should be considered going forwards which combines virtual meetings for more transactional-type meetings with face to face meetings giving the opportunity for more open-format strategic discussion	1) And 2) Accept recommendation Proposals to be developed for consideration by the Board on where virtual meetings would be appropriate. We are also in the early stages of testing the technology under a hybrid approach of in person and virtual attendees. It is intended this be tested in greater detail before considering it as an option for Board meetings. It is proposed however that the default for scheduled Board meetings remains in person. The urgency of Recommendation 1 has now been superseded by resumption of full Boards.	**Complete**	Proposals for virtual meetings agreed by RAAG in December 21. All Boards have now considered the proposals and agreed to adopt them with immediate effect. **This is now complete and operational.**
3. Extended induction support should be put in place for those members of the governance community who joined during the pandemic period and have not experienced the usual governance arrangements to date	3) Accept recommendation – this process is already underway.	**Complete**	

4. Space should be created in upcoming Group Board agendas to discuss climate change and equality, diversity and inclusion. The Group Board should also discuss whether it wishes to regularly give more time and scrutiny to finance and to care in its future schedule, and how it will accommodate this 5. Efforts should be made to ensure Board and committee papers are concise, with executive summaries incorporated into the template and recommendations moved up-front in reporting	4) Accept recommendation – As indicated, climate change (sustainability) and finance have been identified as options for theme meetings. A proposed planner for the 2022 meeting cycle will be brought to the Board for approval to allow greater visibility of future Board items. This will be reviewed half yearly also, recognising shorter term agendas are easier to define. 5) Partially accept recommendation It is proposed the Board template be further reviewed. This will cover both content and structure. This will include consideration to an Executive Summary, however it is not proposed we commit to this in advance of the review.	**Complete** **Complete**	2022 Board planner, including themes, and additional Bord workshop agreed. **This is now complete.** A revised template included was agreed by the Group Board in February 2022. **This is now in operation and complete.**
We have not seen any follow up action trackers from the minutes, so it is unclear how actions are followed up or closed down. The minutes would also benefit from the addition of an action column so it is clear who is responsible for implementing a decision. (7.12)	Partially accept suggestion Action trackers are in place currently based on Board preferences. It is proposed these be formally held for all boards in future. In terms of responsibility for implementation, this should be assumed to be the author of the report.	**Complete**	Action tracker now standing item on all Board and committee agendas. **This is now in operation and complete.**

Intragroup Agreement

between

Wheatley Housing Group Limited

and

[insert name [and logo]]

This Agreement is between:

(1) **Wheatley Housing Group Limited, a company registered in Scotland and limited by guarantee with registered number SC426094 and having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL** (the "**Parent**");

and

(2) **[*insert organisation name*] [[a registered society registered under the Co-operative and Community Benefit Societies Act 2014 with registered number [ ], OR [a company registered in [Scotland] and limited by guarantee with registered number [ ]] [being a registered [Scottish] charity (registered number [ ])] and having its registered office at [insert register office address]** (the "**Subsidiary**"),

Each of the Parent and the Subsidiary a "**Party**" and together hereinafter referred to as the "**Parties**".

Introduction

(A) The Parent is a Registered Social Landlord (as hereinafter defined) the head of a group of entities which undertake a range of housing, community, social and commercial activities and seeks to, without limitation, improve the housing, services and opportunities for the Group's social housing tenants.

(B) The Subsidiary is [*insert following wording where Subsidiary is an RSL*: a Registered Social Landlord (as hereinafter defined) which undertakes a range of housing, community[,] [and] social [and commercial] activities].

(C) The Parties have agreed to express their common objectives and disciplines on the terms set out in this Agreement.

Agreed terms

1 Interpretation

1.1 In this Agreement, where the context so admits, the following words and phrases shall bear the following meanings:

"Agreement" means this agreement including the Schedule;

"Budget" means, at any time, the Subsidiary's budget for the then current year set and approved in accordance with clause 7;

"Business Plan" means, at any time, the Subsidiary's then current business and financial plan set and approved in accordance with clause 7;

"Competent Authority" means, insofar as each of these has regulatory authority over either of the Parties: the Regulator; the Financial ~~Services~~

Conduct Authority; the Registrar of Companies; or any other body with a statutory regulatory authority over either Party;

“Group” means the Parties and any other entity which is a subsidiary or associate of either Party, and the Parties and any such other entity are together referred to as “**Group Members**”;

“Group Business Plan” means, at any time, the then current business and financial plan set for the Group by the Parent in accordance with clause 7 and in line with Group Strategy;

“Group Chief Executive” means the most senior executive officer of the Group appointed in accordance with clause 9.3;

“Group Code of Conduct” means, at any time, the then current code of conduct adopted by the Parent and applicable to all board members within the Group including, but not limited to, the Parent Board and the Subsidiary Board;

“Group Policies” means a policy, framework or strategy (other than the Group Strategy) adopted by the Parent following consultation with the Subsidiary and publicised in accordance with clause 6;

“Group Standing Orders” means, at any time, the then current Standing Orders adopted by the Parent and applicable to the Group;

“Group Strategy” means, at any time, the then current strategy co-developed by Group Members and approved by the Parent which applies to all entities within the Group;

“Parent Board” means the board of management of the Parent;

“Parent Constitution” means the constitution of the Parent as amended from time to time;

“Performance Standard” means any standards or requirements published by the Regulator from time to time pursuant to Part 3 of the Housing (Scotland) Act 2010;

“Registered Social Landlord” means a social landlord registered with the Regulator in terms of the Housing (Scotland) Act 2010;

“Regulator” means the Scottish Housing Regulator, having its head office at Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF, or any successor body carrying out the same or similar regulatory functions in respect of Registered Social Landlords;

“Schedule” means the schedule in three parts attached as relative to this Agreement;

“Scheme of Financial Delegation” means the scheme in place from time to time which prescribes the authority to spend money up to a prescribed value;

“Service Agreement” means an agreement in the form set out in Part 3 of the Schedule to be entered into by setting out the terms upon which Services are to be provided to one Party by the other;

“Services” means any services to be provided by one Party to another pursuant to this Agreement and the relevant Service Agreement;

“Subsidiary Board” means the board of management of the Subsidiary;

“Subsidiary’s Constitution” means the constitution of the Subsidiary in the form approved by the Parent as amended from time to time in accordance with the terms of this Agreement. Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations;

“Terms of Reference” means the terms of reference for the Subsidiary as approved by the Parent as amended from time to time; and

~~and~~

“**Wheatley Solutions Limited**” means the company of that name registered under the Companies Acts (registration number SC533419) and having its registered office at 25 Cochrane Street, Glasgow, G1 1HL.

1.2 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders, regulations or other subordinate legislation under such provisions or instruments.

1.3 Reference to a clause or a schedule shall be deemed to be references to a clause or a schedule to this Agreement and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.

1.4 In this Agreement, clause headings are included for ease of reference only and shall not affect this Agreement or the interpretation hereof.

2 Group objectives

2.1 The Parties hereby recognise they are part of a group and each Party agrees and undertakes to carry on its business in accordance with the Group objectives as agreed from time to time in the Group Strategy.

3 Parent undertakings

3.1 The Parent agrees with and undertakes to the Subsidiary in the terms set out in Part 1B of the Schedule. The Parent confirms that the Subsidiary shall manage the day to day affairs of the Subsidiary subject to the provisions of this Agreement.

3.2 Notwithstanding that the Parent has the absolute constitutional right to app~~rove~~ oint or remove any person on the Subsidiary's Board, the Parent confirms that it shall only exercise that right where, having had regard to the interests of the Group, which shall include the interests of the Subsidiary, the Parent (acting reasonably) is satisfied that, in the circumstances, the exercise of such right is required. Without prejudice to the foregoing, circumstances in which the Parent would consider exercising such step in rights would include, but are not limited to:

3.2.1 Where the Parent (acting reasonably) considers that any such person (acting alone or together with other persons):

(a) has failed to comply in any material respect with any Group Policy applicable to the Subsidiary or the terms of this Agreement and such failure has been or would in the opinion of the Parent (acting reasonably) be likely to have a material adverse effect upon the business, assets, reputation and / or operations of the Group;

(b) has brought any part of the Group into disrepute or has acted in a manner which is materially prejudicial to any part of the Group;

(c) has failed to comply in any material respect with its constitution, Group Code of Conduct or responsibilities as set out in the Schedule; or

(d) has caused the Subsidiary to fail in any material respect to be in compliance with its agreed Budget or Business Plan, as applicable, or to be in a position where the Subsidiary either is, or is likely to become, unable to meet its debts as they fall due;

or

3.2.2 where:

(a) the Subsidiary is insolvent or any enforcement action is being taken against it, or has been threatened, by any third party,

(b) the Parent has a reasonable concern as to the long term financial viability of the Subsidiary or its ability to meet its contractual obligations as they fall due as a consequence of the actions of the Subsidiary's Board or the actions of any member of such Subsidiary's Board; or

(c) the Regulator (or any successor regulatory authority) or any other regulatory authority -

(i) issues an adverse (in the Parent's opinion, acting reasonably) supervisory or regulatory report, or

(ii) takes regulatory action, or exercises statutory powers, against the

Subsidiary or any member of the Subsidiary's Board.

(d) the Subsidiary's Board is or is likely to fall below the regulatory minimum number of Board members.

3.3 Notwithstanding that the Parent has the right in the Subsidiary's Constitution to convene a special general meeting and to pass constitutional changes, the Parent confirms that it will only exercise that power where, having had regard to the interests of the Subsidiary, it considers (acting reasonably) it necessary to do so in order to reflect changes within the overall structure of the Group or to further Group strategic priorities.

4 Subsidiary's undertakings

4.1 The Subsidiary hereby agrees and undertakes that:

4.1.1 its policies for the admission of members shall be in accordance with the governance requirements set out in any Group Policies, or as otherwise agreed with the Parent;

4.1.2 its constitution is subject to agreement by the Parent;

4.1.3 it shall ensure that the composition of the Subsidiary Board shall satisfy the governance requirements set out in any Group Policies, or shall be as otherwise agreed with the Parent;

4.1.4 it shall obtain the approval of the Parent Board prior to appointing a chair to the Subsidiary Board; and

4.1.5 the Subsidiary Board shall not exercise its own removal and appointment powers (set out in the Subsidiary's Constitution) in respect of the Subsidiary Board members without the prior written consent of the Parent, which shall not be unreasonably withheld.

~~4.1.5~~4.1.6 the Subsidiary Board shall not have Committees, save where the Group Board has agreed to their creation.

4.2 The Subsidiary agrees that the Group Chief Executive will be entitled at any time to investigate any acts, omissions or courses of conduct on the part of any member of the Subsidiary's staff, should the Group Chief Executive, acting reasonably, believe that such investigation is required but has not been instigated or has been instigated but is not being properly and diligently undertaken by the Subsidiary and that such acts, omissions or conduct have had, or may have, a material adverse effect upon the business, assets, reputation and/or operations of the Subsidiary or the Parent or the Group. The Group Chief Executive shall undertake, or instruct that there be undertaken by an appropriate person of his or her choosing, an investigation into the relevant matter, and if the conclusion of such investigation (or if the conclusion of any investigation carried out by the Subsidiary) is that any member of the Subsidiary's staff has breached the terms of their contract of employment, the Group Chief Executive may require the Subsidiary to take such disciplinary action as may be reasonable and appropriate in the circumstances. The Subsidiary agrees that any such acts, omissions or conduct in relation to the Group Chief Executive shall be considered by the Group Remuneration, Appointments, Appraisals and Governance (RAAG) Committee under its Terms of Reference.

4.3 The Subsidiary also agrees with and undertakes to the Parent on the terms set out in Part 1A of the Schedule.

5 Responsibilities of the Parties

5.1 It is agreed that each Party shall have responsibility for all aspects of its business referred to as its responsibility in Part 2 of the Schedule.

5.2 It is further agreed that the Parent Board and the Subsidiary Board shall have the right to manage their respective businesses in accordance with the objects set out in the Parent Constitution or the Subsidiary's Constitution (as the case may be) and in its best interests, subject only to acting in accordance with Performance Standards, Group Policies, the provisions of this Agreement, the Business Plan and Budget, legal and regulatory requirements and the Group Strategy and Group Business Plan set in accordance with the terms of this Agreement.

6 Group Policies

6.1 The Parent shall have the right to designate which policies shall be applied as Group Policies and therefore be applicable to all Subsidiaries.

6.2 The Parent shall draft Group Policies in such a way as to ensure that the Subsidiary is able to comply with regulatory standards as they apply from time to time and in drafting Group Policies shall have regard to the need to ensure:

6.2.1 compliance with:

6.2.1.1 reasonable standards of financial and business probity; and

6.2.1.2 good practice in governance and risk assessment;

6.2.2 that the business of the Subsidiary is carried on in accordance with the Subsidiary's Constitution and with the Group's Business Plan (or the relevant part thereof)

and otherwise shall have regard to such matters as the Parent Board shall from time to time consider appropriate.

6.3 Subject to the division of responsibilities set out in clause 5, matters of operational policy relating to the Subsidiary's business shall not be a matter for Group Policies and the Subsidiary shall have the right to set its own operational policies and amend these from time to time. The Subsidiary shall notify the Parent of all amendments to its operational policies from time to time and shall take the necessary steps to ensure that any operational policies are consistent with similar policies in operation elsewhere within the Group, including working with other entities within the Group to harmonise operational policies where appropriate.

7 Group business plans

7.1 The Subsidiary remains responsible for the development, review and adoption of its Business Plan and Budget on an ongoing basis, but the Subsidiary will do this within the context of, and in a manner which is consistent with, the then current Group Business Plan and Group Strategy which the Parent is responsible for preparing for the Group as a whole. The role of the Parent will be to review and approve Subsidiary's Business Plan and Budget, subject to viability and maximisation of the assets available in the Subsidiary or elsewhere in the Group. The Parent will monitor and support the delivery of the Subsidiary's Business Plan. Reporting mechanisms will be put in place, from time to time, which properly and appropriately reflect this role.

7.2 The Subsidiary shall deliver to the Parent its proposed Business Plan and Budget by a date set by the Parent each year and shall confirm to the Parent that such Business Plan and Budget meet any requirements set by the Parent from time to time in relation to Business Plan and Budget matters.

7.3 The Parent Board shall, as soon as reasonably practicable after receipt of the updated Business Plan and Budget pursuant to clause 7.1, confirm to the Subsidiary whether it has any issues of concern with such Business Plan and Budget, and the Subsidiary shall make such amendments to its updated Business Plan and Budget as the Parent Board may reasonably require.

7.4 The Parent shall notify the Subsidiary of the reasons for raising issues of concern with its draft Business Plan and Budget and the Parent and the Subsidiary will use all reasonable endeavours to work together to agree a revised Business Plan and Budget for approval by the Parent Board as soon as reasonably practicable. Until such issues are resolved, the draft Business Plan and Budget shall not become the Business Plan and Budget for the purposes of this Agreement, and the preceding year's Business Plan and Budget shall continue to have effect unless and only to the extent that the Parties agree otherwise.

7.5 The Subsidiary agrees and undertakes to carry on its business, and only enter into commitments, as envisaged by the Business Plan and Budget or, where any matter is outside the Business Plan and Budget, within prescribed financial limits without notifying the Parent.

8 Group services

8.1 The Parties shall seek greater efficiency and effectiveness in the provision of services through economies of scale, improved methods of working, and by locating services most appropriately.

8.2 The Parties shall together consider how best to deliver effective and efficient group services with the intention that, over time, each will share services with the other to cover agreed activities and requirements in furtherance of the aims set out in Clause 8.1.

8.3 To the extent that the Parent or any other organisation within the Group does provide services to the Subsidiary, or the Subsidiary provides services to the Parent or another Group Member, such services will be provided to a specification to be agreed between the parties and in line with an agreed charging mechanism.

8.4 The Subsidiary agrees that, subject to clause 8.5, it shall procure external services through the Parent (and/or other Group Members and/or through any arrangement that is put in place by the Parent for this purpose) in accordance with Part 1A (11) of the Schedule.

8.5 Subject to relevant legal and regulatory constraints, it is intended that the primary central service and corporate service provider to the Group shall be Wheatley Solutions Limited. Notwithstanding service provision by Wheatley Solutions Limited the Parent shall have the right to designate, in order to achieve cost efficiency across the Group, that certain services shall be provided by another Group Member or externally. Except as provided for at Part 1A (11) of the Schedule, the Subsidiary shall have no obligation to procure external services (whether from within or outwith the Group) under clause 8.4 or this clause 8.5 unless it is demonstrably in the financial and operational interests of the Subsidiary to do so.

8.6 Where Services are to be provided by Wheatley Solutions Limited or any other Group Member, the parties thereto shall enter into a Service Agreement substantially in the form set out in Part 3 of the Schedule to this Agreement recording the agreed services to be provided, the relevant ~~performance~~ service standards, quality considerations, term of the agreement and pricing.

8.7 The Parent may enter into any agreements it deems appropriate or desirable with any contractors, consultants, or specialist firms for the provision of the Services.

9 Staffing

9.1 Each Party agrees that:

9.1.1 staff shall be employed from time to time in accordance with all relevant Group Policies;

9.1.2 service provision by the Parent shall be in accordance with any Service Agreement entered into pursuant to this Agreement; and

9.1.3 it shall comply with the terms of any intragroup secondment agreement or intragroup employee services agreement to which it is a party from time to time.

9.1.4 The Group Chief Executive has ultimate responsibility for staffing issues across the Group.

9.2 The Parent shall ensure the provision of such staff as it shall reasonably deem appropriate to provide the Services within budgets and may vary the staffing levels as it shall reasonably deem necessary for the performance of the Services.

9.3 The Group Chief Executive shall be appointed by and be accountable to the Parent Board but shall also be accountable and owe a duty of care to the Subsidiary.

9.4 The Subsidiary shall recruit, manage and remunerate its employees and other staff in accordance with any Group Policies relating to human resources.

10 Variations

10.1 It is anticipated by the Parties that pursuant to their overall aim and intention to co-operate for the benefit of the Group as a whole, the provisions of this Agreement may from time to time require amendment.

10.2 It is accordingly agreed between the Parties that they shall formally review the operation of this Agreement from time to time as deemed appropriate. One Party may thereupon propose to the other Party that a variation be made to this Agreement, and in such event the Parties shall, acting reasonably and in good faith, consider with a view to reaching agreement upon the variation proposed or agreeing variation is not necessary.

10.3 In the event of a failure to agree the matter in dispute, it shall be considered pursuant to the procedure set out in clause 11.

10.4 In the event of a variation being agreed, the same shall be recorded in a supplemental agreement between the Parties.

10.5 The Parent shall not have the right to unilaterally amend the provisions within this Agreement without the consent of the Subsidiary and in the event of any disagreement clause 10.3 shall apply.

11 Resolution of disputes

11.1 It is the declared intention of the Parties that all matters of disagreement should be resolved by negotiation and discussion between the Parties and each agrees to act in good faith and use its reasonable endeavours to apply the terms of this Agreement without the necessity for implementing the dispute resolution procedures of this clause 11.

11.2 In the event that there is any disagreement or dispute between the Parties as to the operation of this Agreement, each Party agrees that its Chair will meet with the other, with a view to resolving any issues of concern and that those persons present at such meeting will resolve the dispute between the Parties. Until the Chairs reach agreement, the previously approved

Subsidiary Business Plan will remain valid for the purpose of any financial commitments or strategic direction.

12 Notices

12.1 Any notice to be served on the Parent under the terms of this Agreement shall be in writing and addressed to the Company Secretary of the Parent at its registered office address or to such other address as the Parent may from time to supply in writing to the Subsidiary and shall be deemed to be duly served:

12.1.1 on delivery, if delivered by hand and receipted for by the recipient;

12.1.2 48 hours after dispatch by recorded delivery; or

12.1.3 if faxed or emailed, one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the fax number or email address of the executive officers mentioned in clause 12.1 and last notified by each Party to the other.

12.2 Any notice to be served on the Subsidiary under the terms of this Agreement shall be in writing and addressed to the Company Secretary of the Subsidiary at the address shown on the front of this Agreement or to such other address as the Subsidiary may from time to supply in writing to the Parent, and shall be deemed to be duly served:

12.2.1 on delivery, if delivered by hand and receipted for by the recipient;

12.2.2 48 hours after dispatch by recorded delivery; or

12.2.3 if faxed or emailed, one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the fax number or email address of the officer mentioned in clause 12.12 and last notified by each Party to the other.

12.3 A change of address under clause 12.1 or 12.2 must be duly notified in writing to the other Party.

13 Jurisdiction

13.1 This Agreement shall be governed by Scottish law and the Parties submit to the exclusive jurisdiction of the Courts of Scotland.

In witness whereof these presents on this and the preceding eight pages together with the Schedules attached as relative hereto are executed as follows:

Subscribed for and on behalf of Wheatley Housing Group Limited
at
on

by

________________ Authorised signatory

before

Witness
Full Name
Address

Subscribed for and on behalf of [*insert Subsidiary name*]
at
on
by

________________ Authorised signatory

before

Witness
Full Name
Address

This is Part 1 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and [*insert Subsidiary name*]

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Schedule Part 1A

Subsidiary's undertakings

The Subsidiary shall co-operate with the Parent as follows:

1. by remaining registered with the Scottish Housing Regulator as a Registered Social Landlord and complying with the Performance Standards/law and other regulatory requirements from time to time **[replace with appropriate registration body in case of e.g. Companies House]**;

2. by complying with all requests of any Competent Authority;

3. by complying with all reasonable advice from the Parent in relation to probity, standards of competence, management and fidelity, and customer services;

4. by implementing and complying with Group Policies;

5. by carrying on its business and only entering into financial commitments in accordance with and as envisaged by its Business Plan and Budget and otherwise in line with prescribed limits for financial commitments agreed with the Parent; in the event that the Subsidiary wishes to pursue any initiative which is, or may be, beyond the parameters of its Business Plan and Budget, it shall consider such initiative within the context of, and subject to, Group Strategy and the Group Business Plan and the Subsidiary undertakes to seek prior approval to any such initiative from the Subsidiary Board, the Parent Board and the board of any other Group Member directly affected;

6. by attending liaison meetings with the Parent, if reasonably requested, and providing such relevant information as may be requested by the Parent as to the performance of the Subsidiary in relation to strategic policy, performance and financial matters;

7. by reporting to the Parent upon its financial and other operational functions in such form as the Parent shall from time to time reasonably require;

8. by providing the Parent with copy board reports and papers circulated to Subsidiary Board members (at the time of circulation to such board members) and minutes of meetings of the Subsidiary Board ~~and of all sub-committees~~ promptly following those meetings;

9. by permitting the Group Chief Executive or his or her nominee to attend all Subsidiary Board ~~and committee~~ meetings;

10. by providing all information upon any aspect of its affairs reasonably requested from time to time by the Parent and co-operate fully with any investigations into its affairs initiated by the Parent from time to time;

11. by (a) appointing the Group's external auditors as its external auditors; the Group's internal auditors as its internal auditors; the Group's treasury management function or provider as its treasury management function or provider; and by using the Group's panel of bankers and / or funders as its panel of bankers and / or funders; [**DRAFTING NOTE:** ***- amend as necessary to reflect Group Services (internal and external) to be adopted by Subsidiary. The terms of this clause should tally with the terms of Part 1B (3)***] (b) subject to the terms of Clause 8.5 of the Agreement, using any other consultants on the Group's panel (other than consultants of a temporary or minor nature employed for day to day work); and (c) by making appropriate recommendations to the Parent of consultants who could join the Group's panel;

12. by appointing the Company Secretary of the Parent from time to time as the Company Secretary of the Subsidiary if so requested

13. by respecting confidentiality of all material and negotiations (otherwise than in respect of those already in the public domain) and only disclosing any confidential information pertaining to the Group with the prior written agreement of the Parent (except where required to do so by any law or regulation or by any court of competent authority);

14. by preparing for and co-operating with any monitoring of its activities by the Regulator and by providing copies to the Parent of all communications with the Regulator relating to the Regulator's role as regulator of the Subsidiary;

15. by operating in accordance with its Terms of Reference, the Group Standing Orders and financial regulations;

16. by only contracting as itself and not attempting to commit the Parent, or any other Group Member, as an agent or otherwise, in any contractual arrangement;

17. in all communications with third parties acknowledging that the Subsidiary is part of the Group in such form as shall be agreed between the Parties from time to time;

18. by complying with the reasonable requests of the Parent to contribute to specific areas of the Group business at particular times.

Schedule Part 1B

Parent undertakings

The Parent will co-operate with and support the Subsidiary as follows:

1. by providing or procuring the provision of high level professional and other advice and support as required by the Subsidiary relating to significant policy matters generally, including advice on regulatory requirements in relation to performance expectations, monitoring and good professional standards;

2. by implementing and complying with any relevant Group Policies;

3. by undertaking (a) the appointment of bankers and / or funders and undertaking the appointment of, or providing, the treasury management function **[DRAFTING NOTE:** ***amend as necessary to reflect Group Services (internal and external) to be adopted by Subsidiary. The terms of this clause should tally with the terms of Part 1A 11(a)*****]**; and (b), subject to the terms of Clause 8.4 and 8.5 of this Agreement and without prejudice to the Parent's obligations in terms of clause 4 of this Part 1B of the Schedule, the appointment of other consultants with the necessary skills and experience to meet the needs of the Subsidiary;

4. by appointing:

   4.1 external auditors for the Group; and

   4.2 internal auditors for the Subsidiary following consultation with the Subsidiary;

5. by complying with all reasonable requests of the Regulator in a timely manner;

6. by implementing all its adopted strategic policies;

7. by providing in a timely manner such advice and assistance as the Subsidiary may reasonably require in the preparation of its Business Plan, Budget, financial plans, statements, financial reports and cash flows;

8. by complying in a timely manner with its responsibilities in relation to the approval of the Business Plans and Budgets under clause 7;

9. by respecting confidentiality of all material and negotiations and only disclosing any confidential information pertaining to the Subsidiary to external parties outwith the Group with the prior written agreement of the Subsidiary (except where required to do so by any law or regulation or by any court of competent authority or where reasonably required either for regulatory purposes or in connection with the Group's or the Subsidiary's borrowing or other funding arrangements or with the provision of services to the Subsidiary);

10. by operating in accordance with the Group Standing Orders;

11. by attending liaison meetings with the Subsidiary, if reasonably requested, and providing such relevant information as may be reasonably requested by the

Subsidiary as to the performance of the Group in relation to strategic policy, performance and financial matters; and

12. by acting reasonably and in good faith at all times in relation to the Subsidiary and not in a way that unfairly benefits other Group Members at the cost of the Subsidiary.

This is Part 2 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and [*insert Subsidiary name*]

Schedule Part 2

Group responsibilities

Parent:

The Parent is responsible for the following functions:

1. Group strategic direction – including overall culture, general principles and values; Group business planning and budget guidelines, setting and monitoring of performance standards;

2. approval of the Group's overall budgets and capital programmes;

3. regular review of Group governance arrangements with input from the Subsidiary;

4. receipt of reports from the Group Audit Committee;

5. approval of the overall development programme;

6. the approval and review of Group Policies;

7. ensuring effective arrangements for the provision of central and corporate services to the Subsidiary;

8. central and corporate functions as defined and designated by the Parent from time to time;

9. setting the borrowing and financial management framework for the Group

10. ensuring effective arrangements are in place for the procurement of all external services provided to the Group, and to the Subsidiary in accordance with this Agreement, including maintenance of lists of approved contractors and consultants – but with local input as appropriate to the service;

11. new strategic initiatives – where these involve significant use of resources, whether existing or new;

12. monitoring the compliance by the Subsidiary with all regulatory and legal standards and taking the action envisaged by this Agreement in the event of non-compliance;

13. taking all such actions as it may consider appropriate to encourage, ensure and promote the financial and business viability of the Subsidiary and that all regulatory requirements affecting the Group are complied with and that the Group's overall reputation and good standing is fully protected at all times; and

14. strategic stakeholder management and relationships for the Group save to the

extent that same are the express responsibility of the Subsidiary in terms of this Agreement.

Subsidiary:

The Subsidiary is responsible for the following functions:

1. carrying out all acts necessary or desirable to ensure its business is carried out in accordance with the Subsidiary's Constitution and any other requirements of the Regulator or any other appropriate Competent Authority, and that its overall business objectives are furthered in the manner the Subsidiary Board considers most appropriate, subject only to the provisions of this Agreement;

2. running all operational, management and day to day aspects of its business, including the setting of the operational framework within the context of the Business Plan and Group Policies;

3. definition of its service standards for service level agreements;

4. reporting to the Parent Board as required by the Agreement;

5. client function in relation to central and corporate services, as defined and designated by the Parent;

6. generation of new operational initiatives and local strategic initiatives within the communities specifically served by the Subsidiary (as opposed to any other Group Member), in line with, and within the parameters of, Group Strategy;

7. ensuring that the Subsidiary's business is operated in accordance with the strategic objectives, of the Group from time to time;

8. taking action on internal and external audit findings;

9. maintaining good relationships with any external parties, including, without limitation, local authorities, health authorities and other statutory agencies;

10. monitoring key performance indicators and reporting to the Parent;

11. the ongoing management of customer relationships with the Subsidiary's service users; and

12. contributing to the formulation of Group Strategy and implementing same at a local level within the communities in which the Subsidiary operates;

This is Part 3 of the Schedule in three Parts referred to in the foregoing Agreement between Wheatley Housing Group Limited and [*insert Subsidiary name*]

Schedule Part 3

Form of service agreement

[ ]

Report

To:	**Wheatley Housing Group Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Risk Management Update**
Date of Meeting:	**29 June 2022**

1. Purpose

1.1. This report asks the Board to:

- Note the summary of risk management activity during 2021/22;
- Approve the proposed Group Risk Appetite Statements at Appendix 1; and
- Approve the proposed changes to the Strategic Risk Register at Appendix 2.

2. Authorising and strategic context

2.1 In line with the Group Standing Orders, the Group Board is responsible for the approval of the Group Risk Management Policy, Group risk appetite statements and strategic risk register.

2.2 The Group Audit Committee periodically reviews the Group Risk Management Policy and Strategic Risk Register and makes recommendations to the Group Board in line with its Terms of Reference. This paper presents the latest Group Strategic Risk Register following the Committee's most recent review.

3. Background

3.1. As part of Campbell Tickell's August 2021 Governance review, the Group committed to developing an annual Risk Management report. This report is the first such report.

3.2. The paper provides summary of the Group's key risk management activities during 2021/22, including:

- Review and update of Risk Management Policy;
- Review of local level risks across Group; and
- Implementation of actions arising from the Campbell Tickell Governance review.

3.3. In addition, this paper summarises:

- The Group's proposed Risk Appetite Statements; and
- the proposed changes to the Strategic Risk Register, for approval by the Board.

4. Discussion

Group Risk Management Policy

4.1. Following discussion and review at the Group Audit Committee, the Group Board approved the Group Risk Management Policy at its meeting in April 2021.

Management Risk Workshops

4.2. Risk workshops were held with teams across the Group to update operational and corporate level risk registers. The workshops comprised review of existing risks and consideration of potential new risks relating to delivery of the Group's 2021-26 Strategy. In addition, management teams were asked to consider potential fraud risks within their areas of responsibility.

Campbell Tickell Risk Management Actions

4.3. Eight of the eleven risk management actions raised in the Campbell Tickell Governance report had been completed when we last reported on the status of actions in February 2022. The three open actions reported are detailed below; they are all due for completion by 30 June:

- ***Setting a single risk appetite for the Group, with tolerances for subsidiaries:*** Paragraphs 4.1 to 4.3 outline the current status of work to set risk appetite statements for each Subsidiary. This will be completed when the contents of this paper are approved by the Board.
- ***Review of the roles of the Board and GAC in relation to risk management:*** The Group Audit Committee reviewed its Terms of Reference in February 2022, as part of a wider review of governance roles and responsibilities. Prior to this the Terms of Reference were reviewed and agreed by the Group Remuneration, Appointments, Appraisal and Governance Committee. The updated Group Audit Committee Terms of Reference, along with other Terms of Reference, are submitted for approval under a separate agenda item. If approved, this action will be complete.
- ***Work to align risk appetite with risk scoring should be completed:*** The proposed approach was approved by the Group Audit Committee in February 2022 and has been incorporated into the structure of the revised Risk Register reports. Following agreement of risk appetite statements at the scheduled workshops, the comparison of Net Risk Scores and Risk Appetite will be fully implemented. This will be completed when the contents of this paper are approved by the Board.

Group Risk Appetite Statements

4.4. The Internal Audit team has facilitated risk workshops with each Subsidiary Board during May and June 2022. The workshops comprised review of draft risk appetite statements and consideration of the risks identified in Corporate Risk Registers. Each Subsidiary now has an agreed risk appetite statement that will be reviewed at least annually.

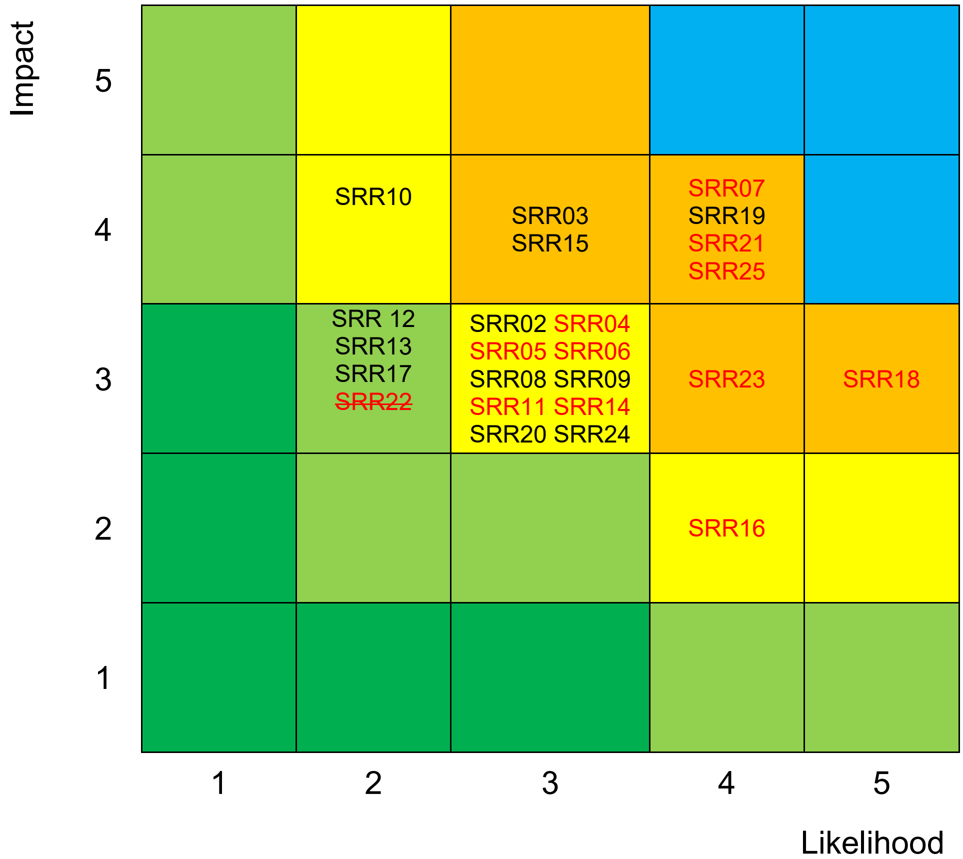
4.5. Following the workshops, we have prepared a Group Risk Appetite Statement, using the outputs from the Subsidiary Boards. The most common risk appetite statement, in terms of both wording and scoring, has been included in the Group-level statement, with any variations highlighted at the bottom of each page.

4.6. All of the variations are minor, and due to changes in scoring between subsidiaries. There are variations for 8 of the 18 strategic outcomes, 5 of which are due to Lowther Homes opting for more risk averse scoring. The variations are highlighted in detail in the full draft Risk Appetite Statement that is attached at **Appendix 1**.

<u>Strategic Risk Register</u>

4.7. The Strategic Risk Register is set out in full at **Appendix 2** to this paper. It was reviewed by the Group Audit Committee on 13 June 2022. The table in paragraph 4.10 summarises the proposed changes.

4.8. There are currently 23 risks within the Strategic Risk Register, with residual risk scores ranging from 6 to 16, as shown below. The risks with proposed changes are highlighted in red font. In future, risks outwith risk appetite will also be highlighted.



4.9. All of the risks within the Strategic Risk Register have been reviewed and updated where required by the relevant Group Director as the risk owner.

<u>Changes to the risks within the Strategic Risk Register</u>

4.10. The following table summarises management's proposed changes to the Strategic Risk Register:

Risk	Commentary
SRR25 – Impact of Cost of Living crisis	New risk for inclusion in Strategic Risk Register.
SRR07 – Rent arrears arising from universal credit	Risk updated following Board risk workshops

Classified as Public

Risk	Commentary
SRR21 – Reduced availability of financial support from Scottish Government	Risk updated following Board risk workshops
SRR18 – Supply chain disruption	Minor wording change to controls.
SRR23 – Climate change impact	Update to Board scrutiny information
SRR04 – New operating model implementation	Update to risk wording, controls and Board scrutiny information
SRR05 – Care and support services	Updates to controls and Board scrutiny information
SRR06 – Customer Satisfaction	Update to controls
SRR11 – Securing new funding and adverse market changes	Update to Board scrutiny information
SRR14 – Political and policy changes	Update to Board scrutiny information
SRR16 – Laws and Regulations	Update to controls
SRR22 – COVID-19 vaccination roll-out	Risk highlighted for removal from Strategic Risk Register.

4.11. At its meeting on 13 June 2022, the Group Audit Committee reviewed the proposed changes and recommended them for approval by the Group Board.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1. There are no legal, regulatory or charitable implications arising directly from this report.

10. Risk Appetite and assessment

10.1. The review of risks within the Strategic Risk Register, as outlined in this paper is designed to provide assurance on the controls in place to manage strategic risks such that the residual risk score is within risk appetite and to identify additional actions management plans to reduce residual risk further, where required.

11. Equalities implications

11.1. This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1. The implementation of agreed actions in relation to risk appetite and risk reporting, including risk workshops with Subsidiary Boards, remain on track from completion by 30 June 2022.

12.2. The completion of risk workshops with each Subsidiary Board has enabled the preparation of draft Group Risk Appetite Statements, for the Board's approval. This will be reviewed at least annually.

12.3. The Group Audit Committee's review of the Strategic Risk Register has resulted in proposed changes to 5 risks, for the Board's approval.

13. Recommendations

13.1. The Committee is asked to:

1) Note the contents of this report;
2) Approve the draft Group Risk Appetite Statements; and
3) Approve the proposed changes to the Strategic Risk Register.

LIST OF APPENDICES:

Appendix 1 – Draft Group Risk Appetite Statements

Appendix 2 - Wheatley Group Strategic Risk Register

Wheatley Group

Making homes and lives better
wheatley-group.com

Wheatley Group
Risk Appetite Statement

Risk Appetite Definitions

	Financial or VFM	Reputation / Credibility	Operational Delivery	Regulatory or Legal Compliance
Averse - Avoidance of risk and uncertainty is a key organisational objective.	Avoidance of financial loss is a key objective. Only willing to accept the low cost option. Resources withdrawn from non-essential activities.	Minimal tolerance for any decisions that could lead to external scrutiny.	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.	Avoid anything which could be challenged, even unsuccessfully. Play safe.
Minimal - Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.	Only prepared to accept the possibility of very limited financial loss if essential. VFM is primary concern.	Tolerance for risk taking limited to those events where there is no chance of significant repercussion.	Innovations always avoided unless essential. Decision making authority held by senior management. Only essential systems /technology developments to protect current operations.	Want to be very sure we would win any challenge.
Cautious - Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	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.	Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure.	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.	Limited tolerance for “sticking our neck out”. Want to be reasonably sure we would win any challenge.
Open - Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of risk / reward (and VFM etc.).	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.	Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure.	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.	Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences.
Hungry - Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	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.	Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational activity.	Chances or losing are high and consequences serious. But a win would be seen as a great coup.

Strategic Theme 1
Delivering exceptional customer experience

Wheatley Group

Strategic Outcomes:

1) Progressing from Excellent to Outstanding
2) Enabling Customers to Lead
3) Developing a customer-led repairs service
4) Differentiating Lowther from its competitors

Strategic Theme 1
Delivering exceptional customer experience

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Progressing from Excellent to Outstanding	***Cautious:*** We aim to deliver the highest levels of customer service whilst optimising VfM for the services provided. We must be able to transparently demonstrate how our services and products provide VfM.	***Minimal:*** We will continue to seek to influence at a national level and be externally validated as global leaders in customer service and benchmarked results. It is vital that we deliver strong performance against key business measures that make us stand out from our competitors. We must be very sure that there is little chance of any significant reputational repercussion should there be a failure.	***Open:*** We are keen to pursue opportunities to use digital services and platforms to improve the customer experience. We should be able to demonstrate the benefits that these new digital approaches will make, including improvements to the control environment.	***Cautious:*** We will increasingly use integrated online and digital engagement platforms and spaces to support engagement with customers and should be satisfied that they protect the online safety and personal information of users. We must be reasonably sure we could win any legislative challenge related to the use of these customer engagement tools.

The wording and scoring for this statement is the same for all relevant Subsidiaries.

Strategic Theme 1
Delivering exceptional customer experience

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Enabling customers to lead	***Open:*** Increasingly, more customer control of expenditure will ensure resources are targeted at the things which matter to our customers. By 2026 25% of all tenant-facing expenditure across Group will be controlled by tenants. We will allocate financial resource to support increased customer control of expenditure where the value and benefits can be demonstrated. We accept that there is a possibility of some financial loss as this new customer-led approach is embedded, but mitigating actions should be taken to manage this to a tolerable level.	***Open:*** We aim to create a cultural shift for customers and staff, shifting the balance of power and control to the customer and ensuring the service they experience is aligned to their personal priorities. Equality and diversity will be at the heart of our service re-design and we will choose options that are the most likely to successfully deliver these ambitions and elevate our reputation in these areas. We are willing to take decisions which might expose us to additional scrutiny, as long as steps have been taken to minimise any negative impact.	***Open:*** We aim to be a digitally led business which delivers innovative and transformative digital solutions. We will pursue opportunities to use digital services and platforms to improve the customer experience, without leaving anyone behind. Our operating model must reflect the needs of all customers.	***Minimal:*** Staff will increasingly be trusted advisors but it is essential that mitigations are in place to help keep customers safe and prevent any misuse of trust. Digital platforms and the use of artificial Intelligence and predictive analytics will be essential tools in our digitally led services, however, we must be able to demonstrate that we comply with legislation regarding the security and use of data.

The scoring for this statement is the same for all relevant Subsidiaries.

Strategic Theme 1
Delivering exceptional customer experience

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Developing a customer led repairs service	***Open:*** We are prepared to invest in improvements to the repairs service, particularly where investment will result in optimised efficiency, consistency in approach and customer led services. Our spending decisions must be transparent and withstand scrutiny.	***Open:*** The repairs service is a core driver of customer value and we aim to deliver repairs efficiently and effectively, achieving a high level of customer satisfaction. We seek to improve the repairs service and be innovative in how we meet the repair needs of customers. We accept that change may bring additional scrutiny, but we will only act where we are satisfied that the results will lead to overall improvement and increased customer satisfaction.	***Open:*** Our ambition is to continue to improve the repairs service and the new systems infrastructure will support our aim to introduce more dynamic ways for repairs to be delivered. We will choose options that are most likely to result in success and seek opportunities to use developments in systems and technology to improve our operational repairs activity. Decisions about arrangements for repairs delivery in the West will be informed by the option appraisal of the first five years of the JV.	***Minimal:*** Keeping customers and staff safe is a key priority and we must be able to demonstrate that we comply with Health and Safety legislation in relation to our repairs activity.

The wording and scoring for this statement is the same for all relevant Subsidiaries. It is not relevant for Wheatley Foundation or Wheatley Care.

Strategic Theme 1

Delivering exceptional customer experience

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
[redacted	*[redacted*	*[redacted*	*[redacted*	*[redacted*

[redacted]

Strategic Theme 2
Making the most of our homes and our assets

Wheatley Group

Strategic Outcomes:

5) Increasing the supply of new homes

6) Investing in existing homes and environments

7) Setting the benchmark for sustainability and reducing carbon footprint

8) Building community voice, engagement and resilience

Strategic Theme 2

Making the most of our homes and out assets

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Increasing the supply of new homes	***Averse:*** Achieving our target return on investment will be an important factor in decisions about what and where we build. Avoiding financial loss is a key objective.	***Minimal:*** We aim to use the strength of the Group and the national significance of our new build programme to influence the Scottish Government to sustain the current budget allocation and grant conditions for affordable housing supply through to 2026. We also seek to extend our influence with grant funders, Glasgow and Edinburgh councils and the Scottish Government, to increase the share of Affordable Housing Supply Programme (AHSP) budget allocation to the Group. Therefore, our tolerance for risk taking in relation to the safe delivery of the new build programme is limited to events where there is no chance of significant repercussion.	***Open:*** Operationally, we are keen to grow new partnerships beyond our current footprint and explore options to facilitate development opportunities in other geographic areas. We will choose options that are most likely to result in successful delivery, while also providing an acceptable level of reward for the Group. The Wheatley 24 house range will meet customers' needs and exceed their expectations by delivering the best in the principles of Modern Methods of Construction (MMC), helping to mitigate against industry skills shortages and move towards achieving zero defect housing, faster onsite construction times and ever greater customer satisfaction results. Innovation in these areas is supported, however we must be able to demonstrate the improvements and benefits that investment in these areas will deliver.	***Minimal:*** We must be able to demonstrate that we comply with legislation in relation to our new build activity, including procurement, construction and Health and Safety legislation.

The wording and scoring for this statement is the same for all relevant Subsidiaries. It has been assessed as not relevant for Wheatley Foundation.

Strategic Theme 2

Making the most of our homes and out assets

Wheatley Group

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Investing in existing homes and environments	***Cautious:*** Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain homes across the Group. We will revise our well-established investment processes to include more focus on what creates most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.	***Open:*** Improvements to Locality Planning and engagement approaches will allow us to better understand what investment activity creates the most value for our customers. However, this increased customer engagement may also raise expectations and invite scrutiny. We must ensure that the outcomes of Locality Planning and customer engagement are fully considered in our decision making and that we can explain the reasons for actions taken.	***Open:*** We are eager to exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services. We will deliver 'innovation at the point of investment' in our existing homes and explore the use of cutting-edge predictive analytics to inform a more intelligence-led repairs and maintenance service. We are prepared to choose options that are most likely to result in successful delivery, while also providing an acceptable level of reward.	***Minimal:*** Keeping customers and staff safe is a key priority and we must be able to demonstrate that we comply with Health and Safety legislation in relation to our investment activity.

The wording and scoring for this statement is the same for all relevant Subsidiaries. It has been assessed as not relevant for Wheatley Foundation.

Strategic Theme 2

Making the most of our homes and our assets

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Setting the benchmark for sustainability and reducing carbon footprint	***Open:*** A significant investment in retrofitting will be required to increase the energy efficiency and reduce the carbon footprint of our existing homes. In this context we are prepared to invest for reward, considering both the value and benefits which this investment will bring. However, we must still minimise the possibility of financial loss by managing risks to a tolerable level.	***Open:*** We aim to establish Wheatley Group as role-model for sustainability nationally and beyond, as well as influencing the rest of the sector to raise its standards. We seek to partner with the Scottish Government and other organisations (e.g. Sustainable Glasgow) to achieve our common climate change and sustainable development goals. We are prepared to be innovative to deliver these aims and take decisions that might expose us to additional scrutiny, but only where success is likely and we have taken appropriate steps to minimise any negative exposure.	***Hungry:*** We are eager to be innovative and pioneer new approaches to sustainability through the delivery of innovative energy generation opportunities. We will prioritise solutions that enhance control and cost savings for customers, and work with research partners to solve long standing challenges for improving energy efficiency in non-standard construction types . We are prepared to take greater risks where we believe opportunities will significantly support our aim to 'break the mould' and establish us as a leader in sustainability and reducing carbon footprint.	***Cautious:*** This area is gaining more importance for stakeholders, including potential investors, staff and customers. We must be able to demonstrate that we have taken action to comply with all existing and emerging legislative and regulatory requirements in this area and be reasonably sure we would win any challenge.

The wording and scoring for this statement is the same for all relevant Subsidiaries except Lowther Homes, which has assessed the Operational Delivery statement as “Open”. This Outcome has been assessed as not relevant for Wheatley Foundation.

Strategic Theme 3

Making the most of our services, assets and people

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Building community voice, engagement and resilience	***Open:*** Our new engagement approaches will give tenants a far greater say over Group investment. We will continue to use our Group-wide procurement frameworks to drive wider community benefits with our suppliers and will harness our size and buying power to get the best deals possible for our customers. Financial decisions will consider both value and benefits, as well as cost.	***Open:*** Customers and wider communities will increasingly be more involved in our decision making. We will also work with communities to co-create a 'Wheatley Place Measure' that reflects the criteria our customers identify as the hallmarks of a successful and resilient community. This increased involvement should encourage customers to expect improvements and challenge us more. We must ensure that we can demonstrate how the outcomes of this engagement have been used in our decision making.	***Open:*** Our aim is to establish a greater sense of customer and community ownership, through planning and designing new homes and communities together. We will pursue technology developments, such as 4D applications, which will encourage customers to get more involved in decision making by making it relevant, fresh and fun. We are committed to creating opportunities which help break down barriers of disadvantage for customers and their families. The overarching purpose of the Foundation will be to raise customer aspirations and build lasting customer and community resilience rather than meet short-term need. Innovation in this area is supported, but we must take reasonable steps to mitigate uncertainty and be able to demonstrate the value and benefits of actions taken.	***Cautious:*** We will increasingly use integrated online and digital engagement platforms and spaces to support engagement with customers and should be satisfied that they protect the online safety and personal information of users. We must be reasonably sure we could win any legislative challenge related to the use of these customer engagement tools.

The wording and scoring for this statement is the same for all relevant Subsidiaries. It has been assessed as not relevant for Lowther Homes.

Strategic Theme 3
Changing lives and communities

Strategic Outcomes:

9) Shaping our Care services for the future

10) Developing peaceful and connected neighbourhoods

11) Supporting economic resilience in our communities

Strategic Theme 3
Changing Lives and Communities

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Shaping our Care Services for the future	***Cautious:*** Wheatley has an integrated Group value proposition – giving our customers access to expertise and resources across care, support, housing, advice, training, volunteering and employment. Exploiting this unique selling point will be a key priority, supporting our aim to further diversify and develop new revenue streams that are not dependent on the commissioning environment. All decisions on external care contracts will be based on commercial principles, with a requirement for appropriate return and risk mitigation.	***Minimal:*** The size, stability and security of Wheatley Care ensures we are in a great position to influence and shape strategic and commissioning decisions in the evolving national health and care landscape. By delivering exceptional services to Health & Social Care Partnerships, we have a golden opportunity to influence and inspire transformed care and support experiences not just for our customers but across Scotland. We are committed to enhancing our reputation as a trusted provider and role model for quality and innovation, and promoting our strengths to raise our profile, influence and impact. Therefore, we must be very sure that there is little chance of any significant reputational repercussion from our actions.	***Open:*** Innovation will be supported to maximise existing services and pioneer new approaches. System and technology developments will be encouraged where they will improve our operational activity, however, we must be able to demonstrate the value and benefits of these decisions.	***Minimal:*** Our staff provide personalised support and care for the diverse range of people we work for and will increasingly be seen as enablers in the community to allow people to use their skills to support others, strengthening communities and combatting loneliness. It is essential that mitigations are in place to help keep customers and staff safe and prevent any misuse of trust. We must also be able to demonstrate that we take appropriate actions to comply with relevant legislation and the requirements of the Care Inspectorate.

This Strategic Outcome is specific to Wheatley Care, so has been assessed as not relevant for all subsidiaries other than Wheatley Care and Wheatley Solutions.

Strategic Theme 3
Changing Lives and Communities

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Developing peaceful and connected neighbourhoods	***Minimal:*** We will work with partners at national and local level to support our customers to have increased access to devices, low or no costs mobile data and support customers to secure the most affordable broadband connections. We have a preference for safe delivery options that have a low degree of inherent risk. Value for money is a primary concern but we are also willing to consider all benefits in our financial decisions.	***Open:*** We will take a lead role in influencing other organisations and agencies in the interests of our customers. We will help our customers and communities to have their voice heard and will seek to harness collaborative action to achieve a greater collective impact on improving the wellbeing of our communities. This will involve establishing common objectives, agreed and co-ordinated approaches, shared data and common indicators of success, all of which may bring additional scrutiny. Therefore, we must ensure that appropriate steps are taken to mitigate any negative impact on our reputation or credibility.	***Open:*** We seek to build on our existing successes and maximise opportunities to use new systems and technology to further improve our current operations. Innovation is supported but we must be able to demonstrate commensurate improvements in management control.	***Minimal:*** Ensuring the best Fire Safety precautions throughout our housing will continue to be a priority. We also plan to maximise the use of the facilities we own in our areas and develop digital platforms to support customer engagement, both with us and within their communities. Keeping customers and staff safe is a key priority and we must be able to demonstrate that we comply with our legislative responsibilities in relation to all this activity.

The wording and scoring for this statement is the same for all relevant Subsidiaries except for Lowther Homes, which has assessed the Compliance statement as "Averse".

Strategic Theme 3
Changing Lives and Communities

Wheatley Group

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Supporting economic resilience in our communities	***Open:*** We are committed to supporting our customers and communities, including those impacted by the pandemic. We are prepared to invest in Group initiatives including the Wheatley bursary programme and the delivery of jobs, training and apprenticeship places, in order to help improve the economic resilience of our customers and communities. We will also seek funding to support the delivery of targeted Foundation Programmes to support children in our communities. Appropriate controls will be established to minimise the possibility of financial loss, but we recognise the overall benefits of investment in these areas. We will ensure that the terms and conditions of any funding received are met.	***Open:*** We aim to expand the level of support available to our customers through the provision of wrap-around services and Foundation programmes and bursaries. While we are willing to choose options that will deliver the most successful outcomes for our customers, we must ensure that we take appropriate steps to minimise any negative exposure which could impact on the level of future funding available to us.	***Hungry:*** We will adapt our services to provide additional support to our customers who have or are at risk of losing their job or entering the benefit system for the first time. We will seek options that will most likely result in successful outcomes for our customers, while also providing an acceptable level of value for money.	***Minimal:*** We will proactively engage with those at risk to provide them with the support of our wraparound services. Staff will increasingly be trusted advisors but it is essential that mitigations are in place to help keep customers safe and prevent any misuse of trust.

The wording for this statement is the same for all relevant Subsidiaries. The scoring is the same for all subsidiaries, except as follows: the Operational Delivery statement has been assessed as “Open” for Dunedin Canmore, Wheatley Homes Glasgow, and Lowther Homes.

Strategic Theme 4
Developing our shared capacity

Strategic Outcomes:

12) W.E. Think – creating our “Thinking Yes Together” culture

13) W.E. Create – driving innovation

14) W.E. Work – Strengthening the skills and agility of our staff

Strategic Theme 4
Developing our shared capacity

Wheatley Group

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
W.E. Think – creating our "Thinking Yes Together" culture	***Open:*** We will build on our award-winning Think Yes culture and evolve it to deliver our vision for 2026. Resources will be allocated to capitalise on potential opportunities. We will invest in options that are most likely to result in success but must have appropriate controls in place to minimise the possibility of financial loss.	***Open:*** We aim to ensure external influencers, including politicians, regulators and funders, understand Wheatley's unique offering and capacity, and seek to work with us. We will firmly establish Wheatley's authority and credibility, both as a result of our track record of achievements and because of the strength of our new engagement model, which will enable us to effectively represent the views of our huge customer base. In order to transform our culture and thinking we accept that we may need to take decisions with potential to expose us to additional scrutiny, but appropriate steps must be taken to minimise any negative exposure.	***Hungry:*** The transformational redesign of our services and operating models to make the most of our investment in technology and digital platforms is already underway. Innovation is pursued as we challenge current working practices and inspire our staff to think and act differently. Developing the appropriate skills, behaviours and confidence required for staff at all levels to innovate and influence effectively will be a key feature of our learning and development programme over the next five years. We will monitor success by ensuring our performance measures are aligned to the behaviours and outcomes we want to drive.	***Cautious:*** Wheatley staff are trusted advisors, but it is essential that mitigations are in place to help keep customers safe and prevent any misuse of trust. When we use integrated online and digital platforms and spaces to interact with customers, we should be satisfied that they protect the online safety and personal information of users. We must be reasonably sure we could win any legislative challenge related to the use of these online tools.

The wording and scoring for this statement is the same for all relevant Subsidiaries except Lowther Homes, which has assessed the Financial statement as "Cautious"; the Reputational statement as "Cautious" and the Compliance statement as "Minimal".

Strategic Theme 4
Developing our shared capacity

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
W.E. Create – driving innovation	***Open:*** Resources will be allocated to capitalise on potential opportunities. We will invest in options that are most likely to result in success but must have appropriate controls in place to minimise the possibility of financial loss.	***Open:*** Wheatley will seek to benchmark with world-class organisations. We will pursue appropriate prestigious external recognition that serves to raise our profile as a role-model and exemplar for people practice and creating customer value. We will also seek to forge innovative new partnerships with both academia and businesses to design and deliver accredited learning experiences and pathways. In order to maximise partnering opportunities we accept that we will likely be exposed to additional scrutiny, therefore appropriate steps must be taken to minimise any negative impact on our credibility or reputation.	***Hungry:*** We are eager to 'break the mould' and stimulate innovation and learning in our communities as well as our workforce. New technology will be viewed as a key enabler of change as we create a virtual space for innovation and learning and transform how we engage with technology and innovation possibilities in a collaborative way.	***Cautious:*** We will increasingly use integrated online and digital platforms and spaces to interact with customers and partner organisations and should be satisfied that these protect the online safety and personal information of users. We must be reasonably sure we could win any legislative challenge related to the use of these online tools.

The wording and scoring for this statement is the same for all relevant Subsidiaries except Lowther Homes, which has assessed the Financial statement as "Cautious"; and the Compliance statement as "Cautious".

Strategic Theme 4

Developing our shared capacity

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
W.E. Work – strengthening the skills and agility of our staff	***Open:*** Resources will be allocated to capitalise on potential opportunities. We will invest in options that are most likely to result in success but must have appropriate controls in place to minimise the possibility of financial loss.	***Hungry:*** Wheatley will be an increasingly sought-after employer in people's career journeys; our reputation for developing high quality people with agile and transferable skills will give Wheatley Alumni kudos as prized and respected prospective employees. The Executive Team will lead the way in influencing and positioning Wheatley with external partners and strategic decision makers, building relationships that offer strong potential to create fresh opportunities for the benefit of the Group. We are eager to be innovative and pursue opportunities that offer high business rewards; however the benefits must outweigh any reputational risks.	***Hungry:*** New technology will be viewed as a key enabler of operational activity, with staff across the business being increasingly digitally active. We are also eager to be innovative and explore new working practices that offer high business reward for both staff and customers. How we work will continue to change as we reshape our roles and operating model.	***Cautious:*** Staff will increasingly be trusted advisors, but it is essential that mitigations are in place to help keep customers safe and prevent any misuse of trust. We will explore opportunities to co-design modern employment terms and conditions and working practices that appeal to our evolving workforce and ensure maximum flexibility to meet changing needs. However, we are unwilling to take unnecessary risks regarding the delivery of employer responsibilities and must be reasonably sure we would win any challenge regarding employment legislation.

The wording and scoring for this statement is the same for all relevant Subsidiaries except Lowther Homes, which has assessed the Financial statement as "Cautious"; and the Compliance statement as "Minimal".

Strategic Theme 5
Enabling our ambitions

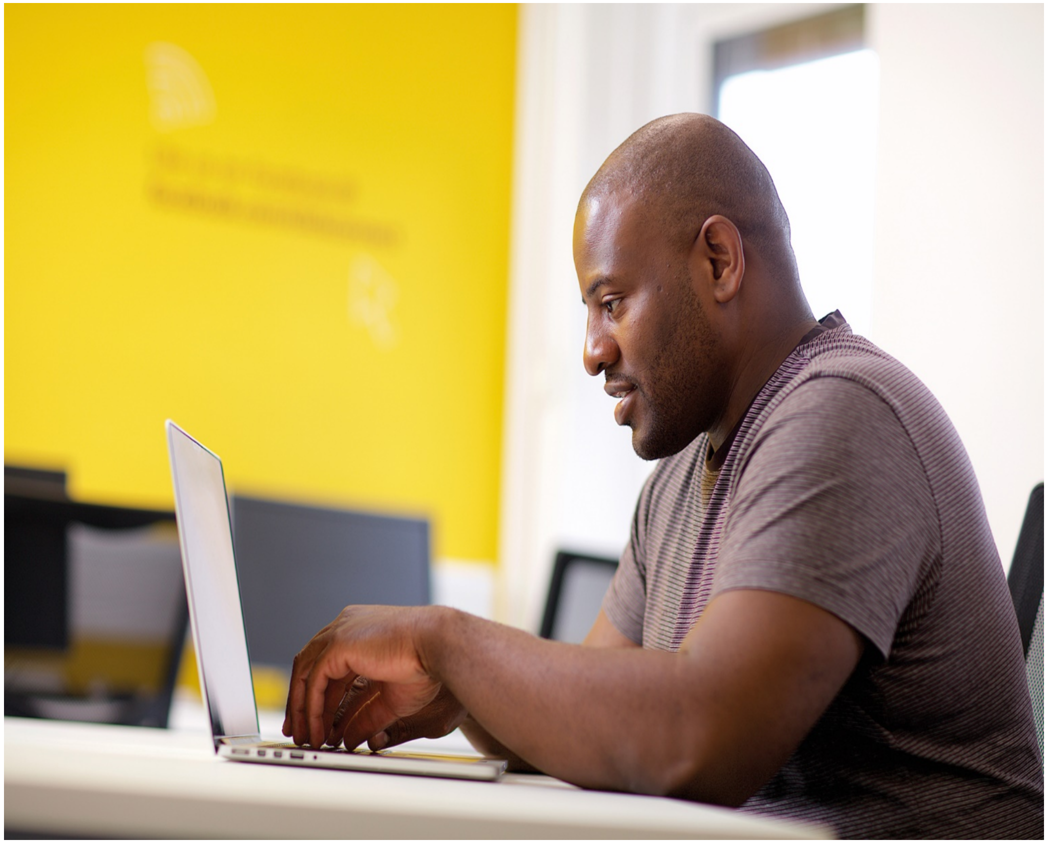
Strategic Outcomes:

15) Raising the funding to support our ambitions

16) Maintaining a strong credit rating and managing financial risk

17) Evolving digital platforms to support our activities

18) Influencing locally and nationally to benefit our communities



Strategic Theme 4
Enabling our ambitions

Wheatley Group

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Raising the funding to support our ambitions	***Open:*** We will explore all potential sources of funding available to us to seek the most advantageous options but must be able to clearly demonstrate the value and benefits of the facilities chosen. Commercially, we must identify new sources of equity for Lowther Homes. We are open to looking at new sources although the T&C of any equity must still meet the requirements of the Group Golden Rules.	***Minimal:*** Access to Scottish Government grant remains vital to delivering our ambitions and we will work closely with Scottish Government and local authorities with devolved funding powers to achieve this. We are unwilling to take any action which could prevent us from securing this grant funding.	***Cautious:*** The funding platforms we put in place have provided a strong basis in terms of available funding facilities to support our RSLs' development aspirations. However, new facilities will be required in the latter years of the strategy period, and we will look to bond, bank and other potential sources to identify the most advantageous options. We prefer safe delivery options that have a low degree of inherent risk and decision-making authority will be held by senior management.	***Minimal:*** We must be able to demonstrate that we comply with legislation and regulation in order to meet the expectation of existing and potential funders and stakeholders. We must be very sure we would win any legal or regulatory challenge.

The wording and scoring for this statement is the same for all relevant Subsidiaries.

Strategic Theme 4
Enabling our ambitions

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Maintaining a strong credit rating and managing financial risks	***Minimal:*** We will test our business plan against a set of financial golden rules and ensure we have mitigating actions ready to address a wide range of adverse scenarios and stresses. We prefer ultra-safe business delivery options and are unwilling to tolerate a breach of the golden rules.	***Averse:*** We will maintain a strong investment grade credit rating, with our stand-alone credit profile remaining close to the sovereign rating. We will not expose our Group to risks from build-for-sale housing, and our private housing rental and factoring subsidiary, Lowther Homes, will continue to be ring fenced in financial terms from our regulated charitable subsidiaries. We want to avoid risk and uncertainty in this area and will not tolerate decisions which could lead to the Group being downgraded.	***Cautious:*** We want to maintain our strong credit rating and manage our financial risk. Therefore, we prefer to take safe delivery options which will protect our current position	***Averse:*** We must be able to demonstrate that we comply with legislation and regulation in order to meet the expectation of stakeholders and maintain our strong credit rating. Avoidance of risk in this area is a key objective.

The wording and scoring for this statement is the same for all relevant Subsidiaries. This outcome is assessed as not relevant for Wheatley Foundation.

Strategic Theme 4
Enabling our ambitions

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Evolving digital platforms to support our activities	***Open:*** As our delivery approach becomes increasingly digitally led, investment in new technology should be focused on business activities which can be re-shaped by technology. We must be able to demonstrate how this investment in technology will create enhanced value for customers and contribute to the delivery of the Group's Strategic themes. We will assess digital investment in terms of strategic fit, complexity, risk, people and quality measures as well as financial considerations.	***Open:*** The transition that our customers and staff make to self-managed services must be both successful and sustainable as well as being based on offerings that fundamentally improve services beyond that which is possible in an off-line environment. We accept that change may expose us to additional scrutiny, but appropriate steps must be taken to minimise any exposure.	***Open:*** We want Wheatley to become synonymous across the sector as the home of technology innovation that shapes the future of housing and property management. Technological innovation will be supported, but we must be able to demonstrate commensurate improvements in management control.	***Minimal:*** Data and information will play an increasingly important role in enabling the delivery of all aspects of our services with data standards and interoperability key. We must be able to demonstrate that we have robust processes in place to comply with legislation regarding the security and use of data.

The wording and scoring for this statement is the same for all relevant Subsidiaries except DGHP and Wheatley Foundation. DGHP has assessed the Compliance statement as "Averse" and Wheatley Foundation has assessment the Operational Delivery statement at "Hungry".

Strategic Theme 4
Enabling our ambitions

Wheatley Group

Strategic Outcome	Financial or VFM	Reputation and Credibility	Operational Delivery	Compliance: Legal / Regulatory
Influencing locally and nationally to benefit our communities	***Cautious:*** Continuing to raise our profile beyond our national borders and outside our sector will support our ambitions to raise future finance. Our preference will continue to be for safe funding options that have a low degree of inherent risk, however we are keen to explore all options and seek the best possible value in all funding available to us. Keeping funders and potential funders aware of our excellence in product and service provision is significant in building their confidence to invest.	***Open:*** Cementing our position as a leading influencer is a key theme for this strategy period. We aim to confidently and deliberately raise our profile further and take a leading role on the UK and international stage, which will also support our ambitions to raise future finance. We must ensure that the Group's existing reputation and credibility is protected, while maximising the impact of future exposure. In this context, we are prepared take decisions which have the potential to expose us to additional scrutiny if appropriate steps have been taken to minimise any negative exposure, and the overall benefit to the Group's profile will outweigh it.	***Open:*** Identifying and exploring different ways of working and solutions developed across a broader range of contexts will stimulate and inform our thinking as we re-configure our business to create increased value for our customers. Innovation is supported and we are willing to choose options that are most likely to result in successful delivery while also providing an acceptable level of reward.	***Minimal:*** In order to successfully influence on both a UK and international stage, we must be able to demonstrate that we take appropriate steps to comply with our legislative and regulatory responsibilities.

The wording and scoring for this statement is the same for all relevant Subsidiaries except DGHP, which has assessed the Operational Delivery statement at “Hungry”.

Wheatley Group

Making homes and lives better
wheatley-group.com

Strategic Risk Register

Strategic Risk Register at June 2022

The following slides set out the risks within the risk register in descending order of residual risk score. Where risks have the same residual risk score, they are shown in descending order of inherent risk score.

Any risks with a residual risk score of 12 or more have been highlighted in the page header as high residual risks. Any risks with an inherent risk score of 20 or more have been highlighted in the page header as high inherent risk. Any risks with proposed changes have been highlighted in the page header, with the proposed changes being identified in red font. These risks are highlighted in red text in the chart to the right, which shows the spread of risks within the Strategic Risk Register by residual risk score (e.g SRR10 has a residual risk score of 8).

Risk appetite is a statement of how much risk each Board is willing to take in pursuit of its strategic objectives. The Group approach defines appetite in 5 levels ranging from Averse to Hungry. Each appetite level corresponds to scores within the 5x5 risk matrix. The background colours in the chart represent the following risk appetite classifications.

Appetite Classification	Score	Definition
Averse	**1 - 3**	Avoidance of risk and uncertainty is a key Organisational objective.
Minimal	**4 – 6**	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
Cautious	**7 - 10**	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
Open	**11 - 19**	Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of risk / reward.
Hungry	**20 - 25**	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

Impact

5	10	15	20	25
4	SRR10 8	SRR03 12 SRR15	SRR07 SRR19 16 SRR21 SRR25	20
3	SRR12 SRR13 6 SRR17 ~~SRR22~~	SRR02 SRR04 SRR05 SRR06 SRR08 9 SRR09 SRR11 SRR14 SRR20 SRR24	12 SRR23	SRR18 15
2	4	6	SRR16 8	10
1	2	3	4	5

Likelihood

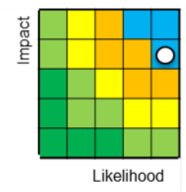
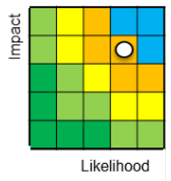
Strategic Risk Register – high inherent and residual risk scores

SRR19 – [redacted]	Risk type: Regulatory	Strategic Outcome: Evolving digital platforms to support out activities

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner

Strategic Risk Register – New risk, high inherent and residual risk scores

SRR25 – Impact on our customers of the cost of living crisis	Risk type: Operational	Strategic Outcome: Supporting economic resilience in our communities
Description: The cost of living crisis will result in increased financial hardship for some of our customers. There is a risk that the Group will not be to deliver its strategic outcome to support economic resilience for all customers in need due to the increased level of demand for wrap-around and / or Wheatley Foundation services.		***Controls:*** New Rent and Income Framework rolled out from April 2022, which emphasises support for customers. Analysis of impact on customers of expected pressures by UC team. Wrap-around services tailored for the needs of our customers.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Proposals for the Group's response to the crisis will be presented to Group Board / Subsidiary Boards in August and September.	August / September 2022	Group Director of Communities

Strategic Risk Register – proposed changes, high inherent and residual risk scores

SRR07 Rent arrears ~~including~~ arising from universal credit	Risk type: Financial	Strategic Outcome: Supporting economic resilience in our communties

Description: ~~The impact of COVID-19, including legislation to prevent evictions, increased lead-in times and uncertainty around Sheriff eviction decisions, as well as the closure of the Furlough scheme and the continued expansion of Universal Credit, continues to impact on our rental income stream and increase our arrears. This also has negative impacts for customers, with increasing financial hardship.~~

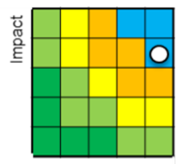
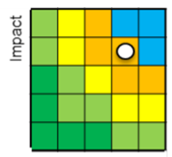
The Group's ability to collect all expected rental income, with minimal arrears, is impacted due to the continued migration of customers to Universal Credit, including through the planned mass migration announced for summer 2023, resulting in financial loss to the Group. This will also have negative impacts for customers, with increasing financial hardship.

Controls: Updated Rent and Income Framework rolled out from April 2022.

Staff across the Group, including frontline housing teams, the Customer First 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 or for other reasons. This includes a dedicated 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 environment.

Online service portals are more accessible and housing officers are becoming more available. 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. In addition, arrears performance is reviewed by Boards at every meeting.

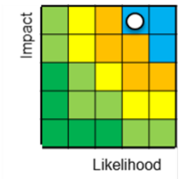
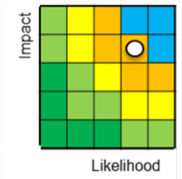
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	The Group, RSL and Lowther Boards consider this on a quarterly basis through performance report RSL/Lowther Five year financial projections and management accounts Research study on the impact of UC on our customers	Ongoing Ongoing September / October 2022	Group Director of Housing and Property Management

Strategic Risk Register – proposed changes, high inherent and residual risk scores

Wheatley Group

SRR21 ~~Post-2021 Housing Policy and Grant availability~~ Reduced availability of financial support from Scottish Government and / or local government	Risk type: ~~Financial~~ Operational	Strategic Outcome: Raising funding to support our ambitions

Description: There is a risk that without sufficient Scottish Government financial support we may be unable to deliver some of the Scottish Government and EESSH2 targets in relation to energy efficiency. This is compounded by the impact of increased inflation on the funding available and the costs of required work. Inflation will also impact on the Scottish Government and / or local authority financial support available for new build targets resulting in an inability to deliver strategic outcomes.	***Controls:*** 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. This includes participating in the Scottish Government review of grant availability. A Green Investment Plan proposal has been developed and will form the basis of direct discussions with the Scottish Government. Financial scenario planning in place to understand potential impact on our investment programme under a variety of grant scenarios.

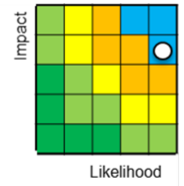
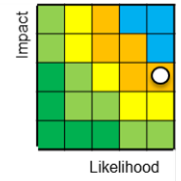
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group Board (funding session including research/presentation from Prof Sean Smith) Group Board (themed on development, investment and finance) Group Board sustainability / EESSH 2 workshop	October 2021 February 2022 March 2022	Group Director of Finance and Digital Services

Strategic Risk Register – proposed changes, high inherent and residual risk scores

Wheatley Group

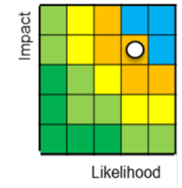
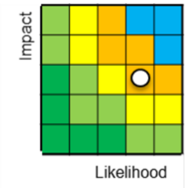
SRR18 Supply chain disruption	Risk type: Operational	Strategic Outcome: Increasing the supply of new homes

Description: ~~There is a risk of delays in the sourcing of goods and materials, or of Wheatley Care workforce challenges arising from the impact of macroeconomic events such as the post-Brexit trade deal, Covid manufacturing productivity challenges and global purchasing behaviours such as US/Asia mega-purchasing; resulting in increased costs and / or delays for new build and property investment and repairs works, or negative impacts on the wellbeing and satisfaction of People We Work For.~~ There is a risk that the Group faces disruption to its supply chain (including delays to supply deliveries, increased costs of supplies, or supplier business failure) due to global events such as the war in Ukraine, ongoing post-Covid manufacturing challenges, the UK cost of living crisis and rising inflation, resulting in delays or an inability to deliver operational targets and potential financial loss or reputational damage.	***Controls:*** Procurement 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 including, where possible, advance purchase of components and materials. 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 -** Regular engagement with new build contractors where the Group's financial exposure is greatest to test financial standing. Monitor on a site basis the availability and adequacy of contactor's resource on site – consider increased clerk of works 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. **Wheatley Care -** Working with SG via membership organisations to understand potential level of risk. Contingency plans to mitigate locally and maintaining a 16 30-week stock of PPE.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	~~Group DevCo and Group Board (Prof Sean Smith supply chain research)~~ ~~CBG Board (Operational update and repairs transformation programme)~~ Group DevCo - tenders/ programme performance/Contractor financial exposure. These are standing items at each meeting. Wheatley Solutions Board (Procurement strategy) All Boards performance, finance and development updates	~~Sept / Oct 21~~ ~~November 21~~ Ongoing January 2022 February 2022 Ongoing standing items	Group Director of Repairs and Assets

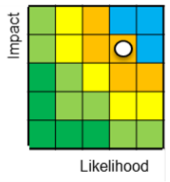
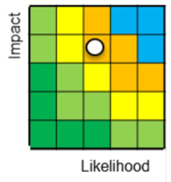
Strategic Risk Register – proposed changes, high residual risk score

SRR23 Climate change impact on Group assets and services	Risk type: Financial	Strategic Outcome: Setting the benchmark for sustainability and reducing carbon footprint
Description: There is a risk that the Group's inability to adapt to results of climate change results in damage to the value of our assets and our ability to deliver services. Additionally, the Group is not able to deliver climate-change mitigation activities that meet the expectations of key stakeholder requirements and regulatory requirements.		***Controls:*** Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g "Beast from the East" type events). Climate Impact Assessment report commissioned from external consultants (Foresight report). Performance Reporting team has commissioned report to overlay climate change impacts on Group's geographic locations. Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an EESSH 2 plan is under development, and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a Wheatley Green Investment Plan. We produce an annual ESG report for investors setting out our progress on the environmental agenda and will produce a sustainability framework for investors to support the raising of sustainability-linked finance in future. In addition to ESG reporting, increased public messaging around our work in relation to climate change.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group Board (pandemic review) All Boards – business plan including detailed 5 year capital investment plan and climate impact Group Board workshop (sustainability as one of the themes) Funding update to Board, including how we are developing ESG measures to meet out funders' expectations Board workshop ~~scheduled which will~~ considered our wider sustainability strategy.	September 21 February 2022 March 2022 December 21 March 2022	Group Director of Repairs and Assets

Strategic Risk Register – high residual risk score

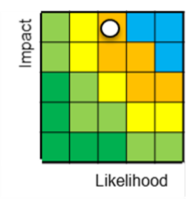
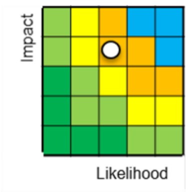
SRR15 – Failure to recruit, develop, retain and succession plan	Risk type: Operational	Strategic Outcome: W.E. Work – strengthening the skills and agility of our staff
Description: Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives. The Group is currently entering a period in which significant changes in the Group's most senior management team are planned, increasing the potential impact and likelihood of this risk materialising.		***Controls:*** MyContribution process for all staff and integrated with MyAcademy. Training logs for all staff and training courses at the Academy and online Leadership Development Programme, succession planning and talent management programme. HR policies on recruitment and selection IGNITE Graduate Programme to bring in new talent across Group RSLs and Wheatley Solutions. Employee satisfaction surveys. There is a detailed succession and recruitment plan in place for managing the planned changes within the Executive Team.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	An update on the ET succession and recruitment plan was scrutinised at the December 2021 meetings of the RAAG Committee and Group Board. Further updates will be provided at each 2022 meeting of RAAG and Group Board. Group Board workshop	All meetings March 2022	Group Director of Finance and Digital Services

Strategic Risk Register – high residual risk score

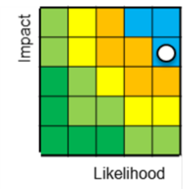
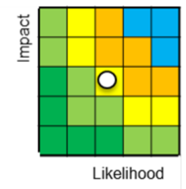
Wheatley Group

SRR03 Fire Safety	*Risk type: Regulatory*	Strategic Outcome: Investing in existing homes and environments
Description: There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage.		***Controls:*** Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs. Quarterly reporting of implementation of actions to Group Audit Committee. Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Standing item at Group Audit Committee meetings Annual report to RSL Boards on Fire Prevention and Mitigation Framework Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates	Ongoing May 2022 Ongoing	Group Director of Finance and Digital Services

Strategic Risk Register – proposed changes, high inherent risk score

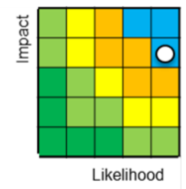
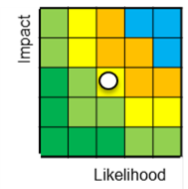
SRR04 – New operating model implementation	Risk type: Operational	Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff
Description: The implementation of a new operating model ~~as we emerge from the COVID-19 crisis~~, including changing staff patterns/places of work, reducing 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.		***Controls:*** The ~~Customer Consultation on the new operating model continues, and~~ results of the completed customer consultation were reported to Boards for consideration. Operational planning for implementation is in progress, including the delivery of the Customer First Centre. ~~A New Business Model Steering Group meets fortnightly to facilitate this planning~~. Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre, rollout of the Centres of Excellence and delivery of the Digital Programme. Continued roll-out of the new operating model has been incorporated into the 2022-23 Delivery Plan and progress against the Plan will be reported to Boards at regular intervals throughout the year.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group Board CFC initial review ~~implementation update~~ CFC implementation update to all Boards Quarterly performance reports with CFC KPIs as a standing item	~~Dec 21~~ Apr 22 February 2022 Ongoing	Group Chief Executive Officer

Strategic Risk Register – proposed changes, high inherent risk score

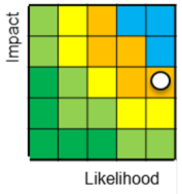
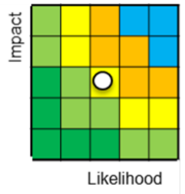
Wheatley Group

SRR05 – Care and support services	Risk type: Regulatory	Strategic Outcome: Shaping Care Services for the future
Description: 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. 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.		***Controls:*** 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 service visits and Group Assurance inspections) in place which assesses the quality of care and adherence to Care policies and procedures across Group. Care Quality Framework approved by Care Board April 2022 is being implemented. ~~During the COVID-19 period, the Care Inspectorate is using video-calls to undertake reviews of Coronavirus controls in care homes. This approach will be rolled out to "Care at Home" registered services in the near future. There are also regular formal calls between inspection officers and registered managers~~. The Care Inspectorate has remobilised inspections of registered services as part of its scrutiny arrangements. 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 is reported to the Wheatley Care Board.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Finance reports are standing items at the Wheatley Care and Group Boards Care business plan and ongoing care performance reporting to Group and Wheatley Care Board (minimum quarterly) ~~Group and Care Boards approved care strategic review with outcome to be reported Apr 22~~	Ongoing February 2022 and ongoing ~~Dec 22~~ ~~Apr 22~~	Group Director of Communities

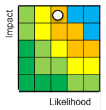
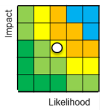
Strategic Risk Register

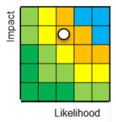
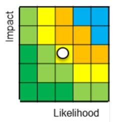
SRR02 - Ongoing threat of future waves of COVID-19 and / or another pandemic	*Risk type: Operational*	Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff
Description: The risk of future waves of Covid-19 and / or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.		***Controls:*** Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and / or another pandemic. These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times. We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Business updates have been standing Board agenda items through the last year and have set out any changes to service levels as the pandemic has progressed. This will continue to be the case through 2022.	Ongoing	Group Chief Executive Officer

Strategic Risk Register – proposec changes

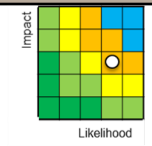
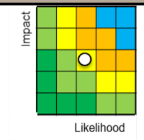
Wheatley Group

SRR08 – Compliance with funders' requirements			***Risk type: Financial***	**Strategic Outcome: Raising the funding to support our ambitions**		
Description: There is a risk of defaulting on loan agreements as a result of failing to meet or maintain compliance with loan agreements. This would result in withdrawal of the funding, potential for cross-default on other facilities, difficulty in obtaining future funding from other funders, and would likely result in higher cost of funding.				***Controls:*** 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. Funder requirements document identifies key dates and requirements. 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.		
Inherent risk	**Residual risk**	**Risk appetite level:**	**Within Risk Appetite?**	**Previous / Next detailed Board scrutiny**	**Scrutiny Date**	**Risk Owner**
		TBC – *post risk workshops*	TBC – *post risk workshops*	Business plan projections in Feb and Sept Finance reports, including covenant compliance, are a standing item for all Boards Treasury updates are presented quarterly to Group and WFL1 Boards	Feb/Sept 21/22 Ongoing Quarterly	Group Director of Finance and Digital Services

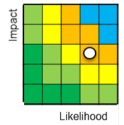
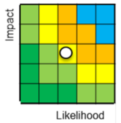
SRR06 – Customer Satisfaction			***Risk type: Reputational***	**Strategic Outcome: Enabling customers to lead**		
Description: Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.				***Controls:*** Customer service excellence is a key element of 2021-26 strategy. We use a variety of methods to collect customer feedback, both during the year and annually. This information helps us understand customer views and informs our delivery and investment plans every year. This will be augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. The new performance management framework will also include a stronger focus on measuring drivers of customer value in our key services. Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach. Customer First Centre's first time resolution for services. The Repairs Transformation Programme and new approach to stock condition analysis will also contribute to increased customer satisfaction.		
Inherent risk	**Residual risk**	**Risk appetite level:**	**Within Risk Appetite?**	**Previous / Next detailed Board scrutiny**	**Scrutiny Date**	**Risk Owner**
		TBC – *post risk workshops*	TBC – *post risk workshops*	Quarterly performance reports include details on complaints received from tenants	Ongoing	Group Director of Housing and Property Management

Strategic Risk Register – proposed changes

SRR11 – Securing new funding and adverse market changes	*Risk type: Financial*	Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff
Description: There is a risk that the Group's ability to raise borrowing at cost-effective rates or raise the funds required to meet our liquidity Golden Rules is limited by wider economic or political conditions such as another banking crisis, rising interest rates, default in the sector, increasing focus on ESG credentials or constitutional changes; resulting in an inability to hold enough cash to meet our commitments or achieve our business objectives.		***Controls:*** 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 two years + 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 also review our approach to hedging in respect of interest rate risk on a quarterly basis. 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). Annual ESG reports issued alongside the statutory accounts. A Sustainability Financing Framework was issued in Q3 2021/22, accredited by S&P.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group Board review of financing arrangements Treasury management update to WFL1/Board every quarter, including update on market conditions Annual scenario and stress testing of group business plan Revised Treasury Management Policy to Group Board	October 21 Ongoing Feb 22 June 2022	Group Director of Finance and Digital Services

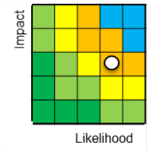
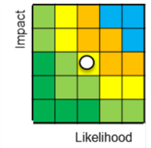
SRR20 – Implementation of partnership promises	*Risk type: Reputational*	Strategic Outcome: Progressing from Excellent to Outstanding
Description: We may fail to deliver the tenant promises made in the DGHP and Cube ballots, including achieving compliance with regulatory standards (such as the Scottish Housing Quality Standard). This could lead to increased regulatory scrutiny, as well as falling customer satisfaction due to failure to deliver on promises made.		***Controls:*** The DGHP and Cube implementation plans have now been mainstreamed into the Group's strategy and are included with the Group's performance framework.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Board update to DGHP Board on progress with tenant promises Annual GHA/DGHP/LHA Board strategy workshops	November 2021 May 2022	Group Chief Executive Officer

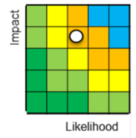
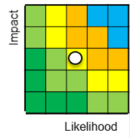
Strategic Risk Register – proposed changes

Wheatley Group

SRR14 – Political and Policy Changes	*Risk type: Reputational*	Strategic Outcome: Influencing locally and nationally to benefit our communities
Description: 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.		***Controls:*** 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.

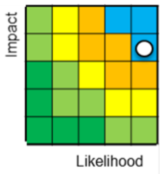
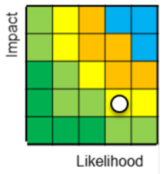
Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group CEO update to group Board as standing item includes update on political engagements Senior SG attendance at Board strategy event to engage on the policy landscape and Ministerial visit to Group Board Senior political presence at all GHA Board meetings through GCC drawn appointments Board sustainability workshop re zero carbon policy agenda Review of political / policy landscape and Group's response at Board Residential	Ongoing Aug/Oct 2021 Ongoing Mar 2022 June 2022	Group Chief Executive Officer

SRR09 – Governance Structure	*Risk type: Operational*	Strategic Outcome: W.E. Work- strengthening the skills and agility of our staff
Description: 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.		***Controls:*** 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 Board members is in place. Governance arrangements regularly reviewed by the Scottish Housing Regulator, external consultants, internal and external audit functions.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group Board approved governance review action plan Progress on governance review action plan a standing item to all RAAG meetings in 2022 Governance update is a standing item on all board agendas	October 2021 Ongoing through 2022 Ongoing	Group Chief Executive Officer

Strategic Risk Register – proposed changes, high inherent risk score

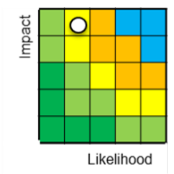
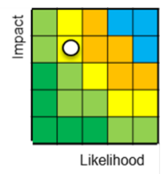
SRR16 – Laws and Regulations	Risk type: Regulatory	Strategic Outcome: Progressing from excellent to outstanding
Description: Non-compliance with statutory laws and regulations, including but not limited to: i. Scottish Housing Regulator and Care Inspectorate regulations, ii. Financial Conduct Authority (FCA) regulations, iii. compliance with Health and Safety Building Regulations iv. Freedom of Information (Scotland) Act, and v. General Data Protection Regulations vi. OSCR, the Scottish Charities Regulator resulting in adverse feedback and loss in confidence from regulators, funders, customers and potential partners, as well as potential fines and penalties.		***Controls:*** A Group wide Scottish Housing Regulator Annual Assurance process is supported by the Tenant Scrutiny Panel reviewing outcomes which provides assurance on regulatory requirements for RSLs. We ~~will~~ have introduced a similar approach for non-RSLs within the Group during 2022-23 ~~the next year~~. 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. FCA regulations are considered when new products and services are developed. ~~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 on-going relationship management with Regulator. Changes to existing legislation are identified and implemented by identified responsible officers across the Group. Group wide approach to how the Group manages information. Privacy Impact Statements implemented across the Group.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	An annual assessment of compliance against relevant regulatory and legislative requirements will be reported to relevant Boards for each non-RSL subsidiary during 2022.	October 2021 August 2022	Group Director of Finance and Digital Services

Strategic Risk Register

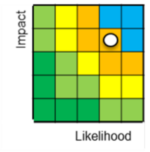
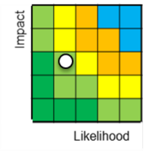
Wheatley Group

SRR10 – Group Credit Rating	**Risk type: Financial**	**Strategic Outcome: Maintaining a strong credit rating and managing financial risks**
Description: There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.		***Controls:*** The Group's business plan is designed to maintain a strong standalone 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. Mitigation drafting used in legal clauses - 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). Negotiation period – the legal clauses provide for a 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.

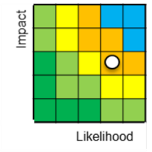
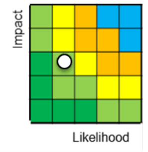
Inherent risk	**Residual risk**	**Risk appetite level:**	**Within Risk Appetite?**	**Previous / Next detailed Board scrutiny**	**Scrutiny Date**	**Risk Owner**
		TBC – *post risk workshops*	TBC – *post risk workshops*	Business plan projections for all Boards set out how we will maintaining financial position The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates	February 2022 Quarterly through 2021 and 2022	Group Director of Finance and Digital Services

Strategic Risk Register

SRR12 – Business Continuity / Disaster Recovery	*Risk type: Operational*	Strategic Outcome: W.E Work – Strengthening the skills and agility of our staff
Description: 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.		***Controls:*** Business Continuity Plans are in place across all business areas. A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans. The business continuity framework is being further developed in line with the Group's new business operating model and in light of experience through the COVID-19 pandemic.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Subsidiary Boards receive a bi-annual update under the Wheatley Solutions Services Agreement on business continuity planning and testing A business continuity plan refresh is underway, with update provided to the Wheatley Group Board in April 2022.	May 2022 April 2022	Group Director of Finance and Digital Services

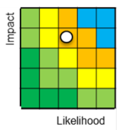
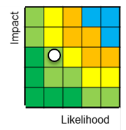
SRR13 – Commercial Operations	*Risk type: Financial*	Strategic Outcome: Maintaining a strong credit rating and managing financial risks
Description: Failure to achieve financial growth returns in our commercial operations. This results in reduced surpluses available to support the Group's charitable activity, in particular through the Wheatley Foundation		***Controls:*** Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives. Levels of performance are monitored by Divisional Management Teams (DMTs), Executive Team (ET) and the relevant Boards as well as Group Board.

Inherent risk	Residual risk	Risk appetite level:	Within Risk Appetite?	Previous / Next detailed Board scrutiny	Scrutiny Date	Risk Owner
		TBC – *post risk workshops*	TBC – *post risk workshops*	Lowther business plan report Finance reports are a standing item at all Board meetings, which highlight any variances against projected financial growth to allow necessary intervention	February 2022 Ongoing	Group Director of Housing and Property Management

Strategic Risk Register – proposed change

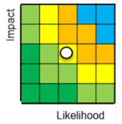
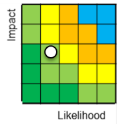
~~SRR22 – Covid-19 vaccination roll-out~~	~~*Risk type: Financial*~~	~~Strategic Outcome: Maintaining a strong credit rating and managing financial risks~~

~~***Description:*** There is a risk that a lack of clarity over employers' responsibilities in relation to the Covid-19 vaccine, including employment law and data protection implications of requiring staff to notify their employer and / or the vaccine being made mandatory for certain roles, results in reputational damage and / or potential breach of employment law or data protection regulations~~	~~***Controls:*** The Employee Relations team continues to consult with employment law advisers to obtain ongoing legal advice. The Group continues to liaise closely with trades unions and staff to develop its approach.~~ ~~Data privacy notices for Care staff have been updated to allow the Group to keep a record of which staff have received the vaccine, and work to updated privacy notices for all Group staff continues. Care management is monitoring uptake levels as part of a local risk assessment approach~~

~~Inherent risk~~	~~Residual risk~~	~~Risk appetite level:~~	~~Within Risk Appetite?~~	~~Previous / Next detailed Board scrutiny~~	~~Scrutiny Date~~	~~Risk Owner~~
		~~TBC – *post risk workshops*~~	~~TBC – *post risk workshops*~~	~~Updates will be provided on vaccination to all boards as any law changes are announced, as was the case during 2021~~ ~~Wheatley Care Board receives a care-specific update at each meeting~~	~~Ongoing through 2021 and 2022~~	~~Group Chief Executive Officer~~

SRR17 – Pension contributions	***Risk type: Financial***	**Strategic Outcome: Maintaining a strong credit rating and managing financial risks**

Description: Increases in the required pension contributions for all Group pension funds may lead to potential cost pressures for the Group.	***Controls:*** 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 the default arrangement for new joiners and auto-enrolment for most subsidiaries. We are also consolidating SHAPS and LGPS schemes where possible to reduce the risk of cessation liabilities being triggered.

Inherent risk	**Residual risk**	**Risk appetite level:**	**Within Risk Appetite?**	**Previous / Next detailed Board scrutiny**	**Scrutiny Date**	**Risk Owner**
		TBC – *post risk workshops*	TBC – *post risk workshops*	Group pensions strategy was reviewed at Group Board Business plans with sensitivity analysis are reviewed by all Board who are members of pension schemes annually	December 2021 February and September 2021 and 2022	Group Director of Finance and Digital Services

Risk scoring definitions

Impact

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Likelihood

Score	Impact	Likelihood
1	***Insignificant*** - Short term disruption to operational activity which can be managed locally. No impact on the delivery of Group or Subsidiary objectives. Any financial, legal or reputational impact would have little or no consequence for the Group	***Remote*** - Rare, may occur in exceptional circumstances. It hasn't occurred before.
2	***Minor*** - Incident, event or disruption to operational activity which requires reporting to Departmental Management Team (DMT). No impact on the delivery of Group or Subsidiary objectives. Any financial, legal or reputational impact would have little or no consequence for the Group	***Unlikely*** - Might occur at some point, it is possible but rarely occurs.
3	***Moderate*** - Incident, event or disruption to operational activity which requires reporting to Executive Team (ET) and Board members. Reportable breach of regulatory or legal obligation which may result in minor penalties. May impact on the delivery of Subsidiary objectives, but the Group's overall strategic aims would still be achieved. Any financial or reputational impact would have little or no consequence for the Group, but may be damaging to the Subsidiary	***Possible*** - Could occur. It is feasible but is not common.
4	***Significant*** - Incident, event or disruption to operational activity which requires immediate reporting to Executive Team (ET) and Board members. Could cause significant damage or disruption to the Group and prevent it from achieving its Strategic Aims. Could result in Regulator intervention at a subsidiary, or closure of a Care Service. Ultimately could result in subsidiary being dissolved	***Likely*** - Will probably occur. It has before and likely will again.
5	***Extreme*** - Event which would have extreme consequences for the Group's future. Ultimately it could threaten the survival of the Group, but if successful, the outcome might bring high reward	***Very Likely*** - Is expected to occur, almost certain. It has happened frequently before now.

Report

To: Wheatley Group Housing Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: 2021/22 Annual Charter Returns and year-end update

Date of Meeting: 29 June 2022

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1. Purpose

1.1 This report provides the Board with an overview of draft results from the Annual Return on the Charter 2021/22 for the Group's Registered Social Landlords ("RSLs").

1.2 It also provides a year-end update on progress against targets and strategic projects in the Delivery Plan for 2021/22.

2. Authorising and strategic context

2.1 Under the terms of the Group Authorising Framework, the approval of the Group strategy is reserved to the Group Board. Our 2021-26 strategy was agreed by the Group Board in October 2020.

2.2 The Board subsequently approved the overarching structure for the implementation of our strategy via our Group Performance Management Framework ("PMF") at its meeting in June 2021. As part of agreeing the PMF in June 2021, the Board agreed a programme of strategic projects and performance measures and targets for 2021/22.

2.3 Under the Group Authorise/Manage/Monitor Matrix, the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the agreed measures. Individual RSL Boards are responsible for approving their Annual Return on the Charter ("Charter") returns.

2.4 The figures reported for the Charter are subject to further validation and checks by the Scottish Housing Regulator, with final validated figures published in the autumn.

3. Background

3.1 Against the backdrop of the pandemic during 2021/22 and the impacts of related government legislation and restrictions on our ability to deliver some services, we achieved strong performance in key areas, including tenancy sustainment, the delivery of emergency repairs, tackling homelessness, and arrears.

3.2 We also delivered a number of major projects, such as:

- Consulting with all tenants on out new operating model, approach to engagement and the GHA name change;
- Launching the new customer-driven operating model, including the Customer First Centre, for customers and staff;
- Migration of Cube stock; and
- Ensuring compliance in integrated smoke and heat detector installations within the government deadline.

3.3 Our RSLs are responsible for meeting the standards and outcomes set out in the Scottish Social Housing Charter and are accountable to their tenants and customers for how well they do so. The Charter is part of the Scottish Housing Regulator's (SHR's) assessment of how these outcomes are being met. All RSLs and Local Authority housing services are required to complete the Charter indicators and submit these by 31 May each year. Our RSL returns were submitted by the regulatory filing deadline. The SHR publishes results for all organisations at the end of August each year.

3.4 The SHR uses the Charter results to focus attention on important risks and key aspects of landlord performance. The outcomes apply to all social landlords, with the exception of those relating to Local Authorities for their homeless duties and to councils and registered social landlords that manage sites for Gypsies / Travellers.

3.5 Since 1 April 2022 GHA has traded as Wheatley Homes Glasgow. Reference is however still made in this paper to GHA as the 2021/22 Charter return is made in this name.

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

3.7 There are 30 Charter measures, of which 7 are collected by tenant surveys, such as satisfaction measures. The SHR requires surveys to be carried out at least once every three years, unless otherwise agreed. No survey was required on this basis for 2021/22, and given the Covid circumstances and volume of recent tenant consultation (for example full tenant consultations on our new operating model and rent), it has been agreed with the SHR that we will carry out our next surveys in Spring 2023. We therefore report survey-based measures in line with the previous year's return.

4. Discussion

4.1 The draft Charter returns for Group RSLs will firstly be discussed, followed by progress against other Board level measures – shown by strategic theme – and finally the year end position on strategic projects.

Charter Returns

4.2 This section presents a summary of key draft Charter measures, highlighting where they are also a strategic result under our PMF. A full set of draft Charter results for each RSL against targets is provided in **Appendix 1**.

4.3 Gross Rent Arrears

4.3.1 The Group's strategic aim was originally to reduce arrears to 4% by 2026. The Group target of 5.03% for year one of the strategy has been surpassed at 4.80%. This was achieved due to the strong focus on supporting customers in a difficult economic context. However, taking account of the ongoing cost of living crisis, it was agreed by the Board at its last meeting that the strategic target should be amended to 4.5% by 2026.

4.3.2 Arrears performance throughout this year has remained favourable compared to benchmark results published by the Scottish Housing Regulator (SHR) on a quarterly basis. The following table provides both SHR (all social landlords) and WHG RSLs quarterly results.

Gross Rent Arrears	Q1	Q2	Q3	Q4
SHR published average	5.91%	6.22%	6.53%	6.24%
WHG RSLs	4.53%	4.90%	4.92%	4.80%

4.3.3 Individual RSLs within the Group have also ended the year better than respective targets and projected performance:

RSL	Year-end performance		2021/22 target	Projected Performance for year-end	Previous period	Variance from previous period	2020/21 Result
DGHP	4.10%		4.57%	4.13%	4.25%	-0.15	3.86%
Dunedin Canmore	4.16%		4.29%	4.26%	4.51%	-0.35	3.84%
GHA A	5.15%	N/A	N/A	-	5.52%	-0.37	4.78%
GHA B	5.19%	N/A	N/A	-	5.32%	-0.13	N/A
GHA Comb	5.16%		5.35%	5.28%	5.50%	-0.34	N/A
Loretto A	3.40%	N/A	N/A	-	3.78%	-0.38	3.05%
Loretto B	3.97%	N/A	N/A	-	3.92%	0.05	NA
Loretto Comb	3.67%		4.03%	3.61%	3.85%	-0.18	N/A
WLHP	2.94%		3.12%	3.12%	3.44%	-0.50	2.62%
Group	**4.80%**		**5.03%**	**4.89%**	**5.11%**	**-0.31**	**4.48%**

4.3.4 The Group was awarded £544k of Tenant Grant Funds by local authorities during the year. Most of this award was received in March and supported the reduction in arrears in the last quarter. Applications for these funds have now closed for the majority of local authorities.

4.3.5 There remained fewer than expected new customers on Universal Credit (UC) by year end; 4,384 new cases compared to 6,000 assumed in the business plan. There are currently 18,630 (circa 30%) of Group customers on UC. The DWP has announced that the mass migration of all legacy working age housing benefit claimants will take place in 2023, having previously been suspended due to Covid. Our business plan assumptions make allowance for a significant spike in arrears in relation to this.

4.4 <u>Average Days to Re-Let</u>

4.4.1 The Group's strategic objective is to reduce the average time to re-let to below 14 days. Group RSLs ended the year at 21.55 against the ambitious target of 19.5 set for 2021/22. This result is a marked improvement on the 40.87 average recorded in 2020/21.

4.4.2 Re-let times during 2021/22 were impacted by Government restrictions, self-isolation and material supply issues. Nonetheless, comparative quarterly data published by the Regulator this year demonstrates strong performance by the Group compared to the sector average:

Average days to re-let	Q1	Q2	Q3	Q4
SHR published average	51.74	49.44	50.84	57.64
WHG RSLs	18.55	20.27	20.62	21.55

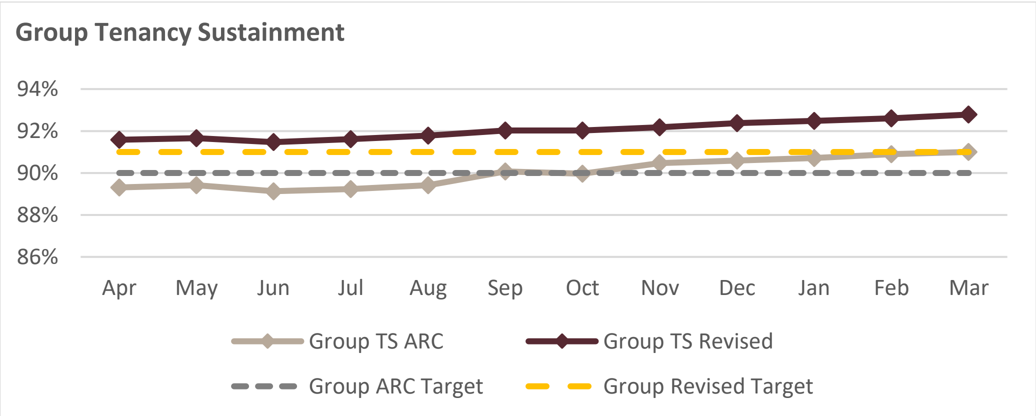
4.4.3 The table below provides full year results compared to target and last year's results. All RSLs, except GHA, met target, with the Group result largely driven by GHA. As well as ongoing pandemic issues, GHA's performance was impacted by the letting of long-term voids and lower demand Livingwell properties particularly in Castlemilk, Clydeview, Pollok and Keystone. Options appraisals are ongoing to inform the future of the Livingwell sites.

Average days to re-let (Charter)	Year-end performance	2021/22 Target	2020/21 Results
Dunedin Canmore	18.79	18.9	52.60
DGHP	17.73	19.1	37.26
GHA	23.48	19.9	40.96
Loretto	17.38	18.1	35.18
WLHP	5.94	15.0	19.78
Group	21.55	19.5	40.87

4.4.4 As part of continuing our trajectory to the strategic long term target of 14 days, the Board agreed a target for 2022/23 of 16 days.

4.5 <u>Tenancy Sustainment</u>

4.5.1 As demonstrated in the chart below, Group tenancy sustainment continued with an improvement trend in the final quarter. Both the ARC and revised measures, the latter excludes deaths and transferred within the Group, surpassed targets at 91% against 90% target and 92.78% against 91% target, respectively. Tenancy sustainment considers new lets made in the previous reporting year (2020/21), and the result further demonstrates success when the majority of lets during the lockdown year were made to homeless applicants (circa 60%).



Classified as Public

4.5.2 Tenancy sustainment at the individual RSL level is shown in the following table. As reported throughout the year, work to embed wraparound services, and improve processes with the local authority for homeless referrals is being undertaken at DGHP. DGHP ended the year just below their 87% target. On this basis, the target for DGHP has been revised from 90% to 88% (ARC) and 91% to 89% (revised) for 2022/23 to allow this improvement activity to bed in. All remaining RSLs and Group will continue with 90% and 91% targets for the remainder of the strategy.

RSL Tenancy Sustainment	Charter	Ex deceased / transfers
Dunedin Canmore	93.18%	95.06%
DGHP	86.04%	88.19%
GHA	92.26%	93.85%
Loretto	88.57%	91.12%
WLHP	97.50%	100%
Group	91.00%	92.78%

4.6 <u>Repairs</u>

4.6.1 The average time taken to complete emergency and non-emergency repairs is detailed in the table below.

Times to deliver repairs (Charter)		Emergency (hours)			Non-emergency (days)		
		Target	2021/22	In month	Target	2021/22	In month
West	GHA	3.00	3.12	3.09	5.50	8.07	8.87
	Loretto	3.00	3.16	3.24	5.50	6.98	8.85
East	Dunedin Canmore	3.00	3.4	4.50	5.50	6.49	7.72
	WLHP	3.00	3.28	4.16	5.50	6.46	7.4
South	DGHP	3.00	2.21	2.15	5.50	9.91	7.16
Group		3.00	3.00	3.14	5.50	8.08	8.52

4.6.2 At year end, the Group average time to complete emergency repairs is on target at 3 hours, albeit with variances per RSL.

4.6.3 However, the high demand for repairs, pandemic backlogs and material supply issues have impacted significantly on average times to complete non-emergency repairs. At year end, all RSLs are over target, with the Group average significantly over the 5.5 days target at 8.08 days.

4.6.4 While we do not have access to in-year benchmarks for these indicators, Housemark data confirms an increase in volume across the sector, mirroring our own across Group during 2021/22.

4.6.5 During 2022/23, the delivery of the repairs transformation programme, review of operating processes and developments with CFC will support performance improvement. The strategic targets for emergency and non-emergency repair completion times therefore remain unchanged at 3 hours and 5.5 days for years 2 to 5.

4.6.6 The issues with increased customer demand and material supply have also affected the right first-time measures shown in the following table, with all RSLs below target.

Percentage of repairs right first time (Charter)		2019/20	In month	2021/22	Target	
West	GHA	96.3%	92.15%	91.03%	97.0%	
	Loretto	96.4%	92.76%	94.86%	97.0%	
East	Dunedin Canmore	96.8%	96%	94.14%	95.0%	
	West Lothian	96.4%	93.62%	93.37%	95.0%	
South	DGHP	83.5%	89.46%	83.1%	92.0%	
Group			92.63%	90.42%		

4.6.7 It is anticipated that these issues will continue to impact early 2022/23, anticipated to July. Based on current performance incremental improvement targets for DGHP (year 2) and Wheatley Homes Glasgow (years 2 to 4) were therefore proposed and approved by Group Board.

4.6.8 As noted throughout the year, the Charter repairs satisfaction measure continues to be based on a very small sample size. We have received 2,732 completed surveys in 2021/22, which is approx. a third of the volume in 2019/20 and less than 1.4% of the jobs completed.

RSL		2021/22 Target	Current Value
West	GHA	87%	88.8%
	Loretto	87%	88.4%
East	DC	87%	86.4%
	WLHP	87%	90.3%
South	DGHP	87%	89.3%
Group		**87%**	**88.5%**

4.6.9 Development of new approaches in 2022/23 to collection, monitoring and reporting of customer experiences, alongside the repairs transformation, aims to increase the number of completed surveys in future years and achieve year on year improvements on satisfaction levels to 95% by 2026.

4.7 Gas Safety

4.7.1 We continue to be in a 100% compliant position for gas safety, with no further expired gas certificates. The year end for 2021/22 Charter indicator is listed by RSL in the table below and remain at zero.

RSL	2020/21	2021/22
Dunedin Canmore	122	0
DGHP	298	0
GHA	1,536	0
Loretto	114	0
WLHP	8	0
Total	2,149	0

4.8 SHQS

4.8.1 Changes to the definition of the criteria for meeting SHQS have been introduced in each of the last two years, with all now applicable for the 2021/22 ARC. A summary of these changes is shown in the table below.

Date	Changes	Changes to ARC Reporting
2015	Original SHQS criteria	
2021	EESSH1 ratings apply to energy (January 2021)	▪ Any properties that do not meet EESSH1, do not meet SHQS ▪ Exemptions and Abeyances for EESSH1 also apply to SHQS
2022	Smoke and CO detectors (February 2022)	A failure to install linked smoke and heat detectors as at 31st March 2022 will mean a fail for SHQS in terms of the Tolerable Standard (A)
2022	Electrical installation checks (March 2022)	Failure to have EICRs in place as at 31st March 2022, evidencing renewal with 5 years will mean property fails SHQS – unless subject to exemption or abeyance – in terms of both the Tolerable Standard (A) and the Healthy, Safe and Secure criteria (E)

4.8.2 The draft Charter 2021/22 results for SHQS and EESSH by RSL are shown in the table below.

RSL	Percentage of properties meeting the SHQS 2021/22*	Percentage of properties meeting the EESSH 2021/22*
DGHP	85.09%	90.23%
GHA	89.69%	99.10%
Dunedin Canmore	89.46%	99.02%
Loretto	91.16%	100.00%
WLHP	95.55%	99.87%

4.8.3 Properties which do not meet SHQS and/or EESSH can be either because they fail the criteria or are subject to exemption or abeyance. Importantly, it should be noted that where the pass rate is lower than in previous years, this is mainly due to exemption or abeyance and not fails.

4.8.4 In terms of EESSH fails, GHA has 386, DC has 52 and WLHP has one. Loretto and DGHP have no EESSH fails.

4.8.5 Exemptions and Abeyances for SHQS and EESSH are detailed in the table below, with pertinent points as follows:

- For GHA, DC, Loretto and WLHP, the abeyances and exemptions relate EESSH1 compliance on the requirement to evidence renewal of EICRs on a 5-year lifecycle by end-March 2022. Reasonable efforts including making at least two appointments have been made to complete this work. Where, despite these efforts, access was not achieved the properties are reported as in abeyance. Efforts are continuing to ensure access, with SHQS compliance expected to return to near 100% during 2022/23
- For DGHP, abeyances relate to refusals and exemptions are for properties which are unable to comply with SHQS and EESSH1. Efforts are continuing to ensure access, with SHQS compliance expected to return to near 100% during 2022/23.

RSL	SHQS Exemption 2021/22*	SHQS Abeyance 2021/22*	Percentage of total stock with SHQS Exemption or Abeyance 2021/22*	EESSH Exemption 2021/22*	Percentage of total stock with EESSH Exemption 2021/22*
DGHP	1,022	494	14.74%	1,005	9.77%
GHA	33	3,978	9.40%	282	0.66%
Dunedin Canmore	0	507	9.56%	0	0.00%
Loretto	0	214	8.84%	0	0.00%
WLHP	0	34	4.45%	0	0.00%

4.9 Medical Adaptations

4.9.1 During 2021/22, we have completed 2,279 adaptations in total, an increase from the 1,831 we reported last period. At year end there are 164 households waiting compared to 183 at end of 2020/21.

4.9.2 The average time to complete adaptations has improved for the Group, from 46.1 days last period to 42.6 days at year end. Increased OT referrals following remobilisation of services and clearance of the pandemic backlog have impacted on cumulative time to complete for the year.

4.9.3 The table below shows the number of households waiting, completions and the average time to complete adaptations by RSL.

Medical Adaptations	Households Waiting 2020/21	Households Waiting 2021/22	Number Completed 2021/22	Average Days to Complete	Target
GHA	94	100	1,333	38.19	35
Loretto	5	4	100	61.36	35
DC	4	9	132	10.85	35
WLHP	0	0	28	22.57	35
DGHP	80	51	686	55.35	35
Group	183	164	2,279	42.6	

4.9.4 A target of 35 days for 2022/23 has recently been agreed, returning to 25 days for years 3 to 5, while demand remains high and the repairs transformation programme is implemented.

4.9.5 Clearing adaptations delayed by Covid restricted services, with several cases in Loretto and DGHP involving more complex work and external issues such as building warrants, which added to delay and resulted in higher average times. These have now been completed, and for 2022/23 to date, Loretto have completed 11 adaptations with an average time of 16.73 days and DGHP have completed 116 with an average time of 34.59 days.

4.10 Court Actions

4.10.1 As anticipated, court actions for most subsidiaries increased this year compared to last year, as restrictions on evictions began to lift.

RSL	Percentage of the court actions initiated which resulted in eviction			
	2020/21		2021/22	
Dunedin Canmore	0%	Red	11.1%	Red
DGHP	N/A	N/A	20.0%	Red
GHA	33.3%	Green	69.6%	Green
Loretto	N/A	N/A	100%	Green
WLHP	N/A	N/A	N/A	N/A

4.10.2 Overall for the Group, there were 45 court actions initiated during the reporting year with 22 evictions (48.9%). This compares to last year where there were only four court actions and one eviction (25.0%).

4.10.3 It is expected that the number of court actions and evictions will increase in 22/23 as court processes return to normal.

4.11 Individual RSL Summary Performance

4.11.1 This section presents a summary of each RSL's performance against the Charter measures. A full breakdown of all RSL performance against the full set of measures is provided in Appendix 1.

RSL	Green (met or exceeded target)	Amber (<10% off target)	Red (>10% off target)	Contextual, no target or not applicable
DGHP	9 (56%)	3 (19%)	4 (25%)	14
Dunedin Canmore	8 (50%)	5 (31%)	3 (19%)	14
GHA	10 (62%)	4 (25%)	2 (12%)	14
Loretto	10 (62%)	4 (25%)	2 (12%)	14
WLHP	11 (73%)	3 (20%)	1 (7%)	15

4.11.2 As discussed in the earlier sections of this report, the red and amber measures across our RSLs were primarily due to the ongoing impact of the pandemic, including increasing demand and resultant delays during remobilisation of services and ongoing supply issues.

4.11.3 The following sections present draft year-end performance against non-Charter strategic and compliance measures by strategic theme. The Board dashboards are shown at **Appendix 2-3**.

Delivering Exceptional Customer Experience

4.12 Customer First Centre - Grade of Service

4.12.1 The CFC launched its new service on 1 December 2021. As previously reported, this was a 'soft' launch internally within the Group. This initial period afforded us the opportunity to test the robustness and effectiveness of our new systems and practices ahead of our formal launch of the service on 1 April 2022 in line with the wider launch of Wheatley Homes Glasgow.

4.12.2 A suite of performance measures has been developed to assess the effectiveness of the new CFC model. A number of these will form Board level reporting 2022/23. CFC measures will be continually reviewed and monitored as the model develops to ensure that they remain current and comparable with other sectors.

4.12.3 The points below provide the key highlights from March reporting:

- CFC answered 85.42% of calls within 30 seconds and is exceeding the target of 80%.
- Call abandonment levels were 3.81% against a target of 7%;
- First contact resolution exceeded 92% against a target of 90% - a combined effort across Customer Service Advisors and Specialist Teams. This is an increase from the YTD November 2021 figures of 90%;
- The overall average wait time for customers was 30 seconds. This is significant decrease from the YTD in November 2021 figure of 122.5 seconds.

4.13 Complaints Handling

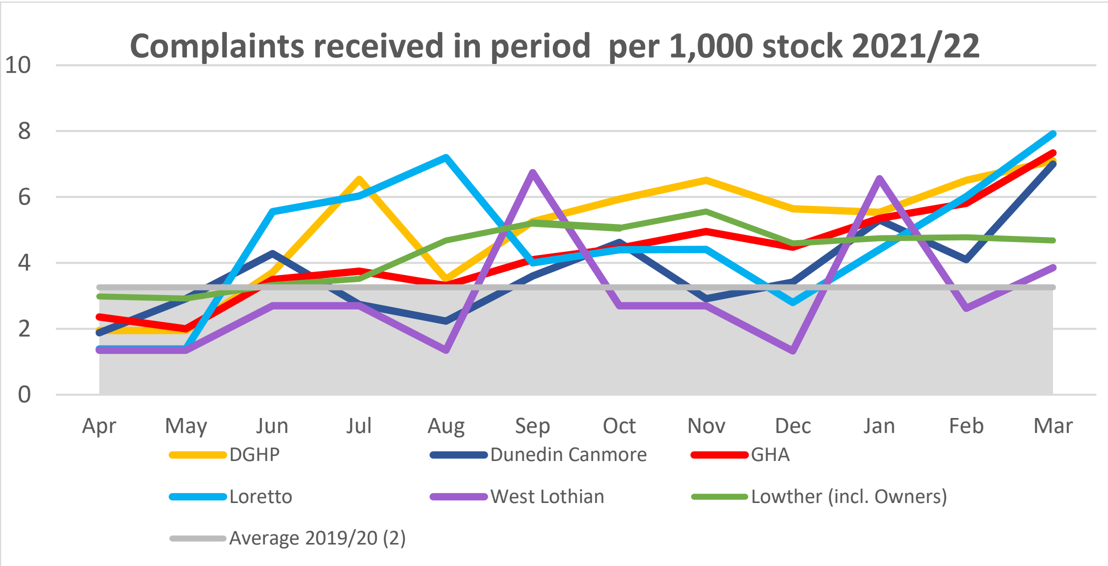
4.13.1 The Charter measures on complaints are included in Appendix 1, and show that between 95% and 100% of complaints were responded to, with average times (for stage 1 and stage 2) between 4 and 6 working days across our RSLs.

4.13.2 We also report on the measures required by the Scottish Public Service Ombudsman ("SPSO") on complaints handling within Stage 1 and Stage 2 timescales. The percentage responded to in full within SPSO timescales has improved across all subsidiaries since the start of the new financial year on 1 April. The Group result for stage 1 responses to the end of May is 94.5% and at 95% for Lowther. RSLs results to the end of May are Dunedin Canmore – 97.7%. DGHP – 96.7%, GHA – 93.1%, Loretto and WLHP – 100%.

4.13.3 For stage 2 complaints responses there has also been an improvement since the 2021/22 year, with all partner organisations delivering 100% of responses within SPSO timescales for April and May.

	Stage 1		Stage 2	
	Complaints received 2021/22	Percentage responded to within 5 working days	Complaints received 2021/22	Percentage responded to within 20 working days
Dunedin Canmore	244	92.8%	20	85%
DGHP	537	81.6%	39	64.1%
GHA	1,994	92.2%	208	85.4%
Loretto	121	97.5%	9	100.0%
WLHP	27	100.0%	0	N/A
Lowther (including owners)	1,338	85.3%	322	68.5%

4.13.4 The graph below shows the number of complaints received per 1,000 stock and against the Group 2019/20 average. The volume of complaints per 1,000 stock remains above the Group 2019/20 average for most subsidiaries. The volume of complaints is closely correlated with the volume of repairs where in 2021/22, nearly half of complaints received across the Group were on repairs. This a key reason for the "Wheatley 5000" project in the west of Scotland which began on 1 April to bring down the number of outstanding repairs in our system at any given time by 5000, to a level of 4500 or below.



Making the Most of Our Homes and Assets

4.14 <u>New Build programme</u>

4.14.1 As has been narrated over the course of the year, there are significant challenges on the delivery of new build such as cost, supply chains and contractor capacity.

4.14.2 During 2021/22, our revised business plan target was to deliver 578 homes (original target was 675), of which 438 were handed over as of the end of March.

4.14.3 The table below shows the projects and units completed to the 31st March against the original year-end target figure of 675:

RSL	Handovers	April Target	Diff.	Comment
GHA	248	385	-137	
Auchinlea	23	23	0	Complete
Bellrock	19	0	+19	Delayed from March 2021
Main Street, Baillieston	37	12	+25	Complete. 25 had been expected in 20/21
Kennishead Avenue	42	48	-6	Complete - 6 completed in March 2021
Watson St Ph2	0	46	-46	Contractors programme shows all units handing over in August 2022
Sighthill MMR	30	132	-102	20 additional units were received in March. Ongoing engagement at a senior level
Carnwardric/Hopeman	22	22	0	Complete
Dovehill Ph.1	32	32	0	Complete
Hurlford Avenue	43	70	-27	All units had been expected, but remaining handovers expected in the coming months
Loretto	30	0	+30	
Cobblebrae Farm	21	0	+21	Completed ahead of target
Dargavel Village	9	0	+9	Completed ahead of target
WLHP	62	162	-100	
Jarvey Street	42	42	0	All 42 units completed in 2021/22
Almondvale	0	120	-120	Handovers have now slipped out of March – these are now expected between June and August.
Winchburgh Site O	20	0	+20	Completed ahead of target
Dunedin Canmore	61	79	-18	
South Gilmerton	24	42	-18	Contract completion is now expected in June.
New Mills Road	27	27	0	New Mills Road completed in November ahead of February 2022 target
Longniddry	10	10	0	Longniddry completed in November ahead of January 2022 target
DGHP	37	49	-12	
Lincluden Depot	32	32	0	Complete March 2022.
Queensberry Square	0	12	-12	Project completed ahead of schedule in March 2021.
St Medans, Monreith	5	5	0	Complete May 2021.
Totals	438	675	-237	

4.14.4 The shortfall in 2021/22 completions has been added to 2022/23 targets. As reported in February, additional capacity to deliver 12,500 new homes over a 10 year period has now been secured.

4.15 Investment in Improvement, Modernising and Maintaining Homes

4.15.1 In 2021/22, £110.75m has been invested in major improvements; well above the £91.51m target for the year and ahead of the £360m strategic commitment over the life of the strategy. This figure includes £1m and £441k invested in Lowther and former Cube properties respectively.

4.15.2 When considering repairs spend, total investment in improving, modernising and maintaining homes is even higher.

4.16 Planned to Reactive Spending on Properties

4.16.1 We have set a Strategic Result for each year over the life of the strategy to achieve a ratio of planned to reactive spend on our properties of 60%:40%. The target ratio has been exceeded for Group in 2021/22.

4.16.2 The ratio by RSL at end of March is shown in the table below. All RSLs have improved the percentage spent on planned work since this measure was introduced in July 2021.

Percentage Spend 2021/22		**Planned (Jul 21)**	**Planned (Mar 22)**	**Variance (Jul to Mar 22)**	**Reactive**
West	GHA	59.6%	65%	+5.4	35%
	Cube (2021/22 prior to transfer)	61.0%	61.0%	0	39.0%
	Loretto	53.9%	68%	+14.1	32%
East	Dunedin Canmore	51.4%	58.6%	+7.2	41.4%
	WLHP	41.2%	59.2%	+18	40.8%
South	DGHP	58.0%	69.1%	+11.1	30.9%
Group total		**58.1%**	**65.9%**	**+7.8**	**34.1%**
			£92,214,599		**£47,737,917**

4.17 Volume of Emergency Repairs

4.17.1 The table below shows our position against the Strategic Result to reduce the volume of emergency repairs by 10% by 2026, based on the original use of 2019/20 as the baseline year.

Area	**Completed Emergency Repairs**		
	2019/20	**2021/22**	**Variance to 2019/20**
West	69,787	72,411	3.8%
East	7,764	8,763	12.9%
South	11,451	15,455	35%
Group	**89,002**	**96,629**	**8.6%**

4.17.2 The demand for repairs during 2021/22 has increased and the volume would have been higher still but for the introduction of Next Day Appointments for repairs that would otherwise have been raised as emergency in West and East.

4.17.3 Given increased customer demand is not anticipated to reduce, the volume of emergency repairs for 2021/22 has been proposed and agreed with Group Board as the baseline year for the remainder of the strategy. Group targets have been set to achieve 2.5% pa reductions on 2021/22 volumes to 2026 to achieve the strategic target of -10%.

4.18 Health and Safety

4.18.1 We have also introduced more corporate level reporting about our health and safety work, and the measures are presented in the following table. There was one fire in April within Environmental Services. There have been no further accidental workplace fires to the end of March 2022.

Measure	2020/21	YTD 2021/22	Notes
Number of new employee liability claims received	2	2	
Number of open employee liability claims	9	8	
Number of days lost due to work-related accidents	334	276	
Number of RIDDOR incidents reported	7	11	7 – W360 3 - Wheatley Care 1 - DC
Number of HSE or local authority environmental team interventions	0	0	N/A

Changing Lives and Communities

4.19 Care – Care Service Quality

4.19.1 Currently, Wheatley Care have 22 services with inspection reports. 15 of these have active inspection reports with grades of 5 or above, equating to 68.18%. The Care Inspectorate's focus throughout the pandemic was on underperforming care homes with low grades.

4.19.2 Inspections in their usual format resumed in December 2021. Only two Wheatley Care registered services received an inspection in 2021/22:

- TSS Service - December 2021.
- The service attained grades of 5 'Very Good' in both 'How well do we support people's wellbeing?' and 'How good is our care and support during the COVID -19 pandemic'.
- *Falkirk Supported Living Service - February 2022.*
- The service received a grade of 5 (very good) for ‘How well we support people’s wellbeing?’ and a grade of 4 (good) for ‘How good is our care and support during the COVID-19 pandemic?’

4.19.3 Over this year there were 17.48 reportable accidents and incidents per 1,000 customers. This is significantly lower than the peak of 34.02 in September 2020.

4.19.4 During this year, Wheatley Care received no Care Inspection requirements, and one complaint was made directly to the Care Inspectorate from a Wheatley Care customer. The Care Inspectorate was satisfied that the service has everything in place for the individual and did not uphold this complaint.

4.19.5 A total of 7,751 customers were supported by Wheatley Care this year. This is a 22% increase on the number of customers at this point last year.

4.19.6 0.06% of customers had an unplanned move this year which surpasses the target of 1%.

Care – Customer Engagement

4.19.7 Covid restrictions have contained to have an impact on customer involvement with care services this year. The Advisory and Participation Group first met in October 2021. Following this, Wheatley Care has expressed intent to attend the Communities of Practice for Engagement to help align future meetings to the Group "Stronger Voices, Stronger Communities" Framework.

4.19.8 Between December 2021 and January 2022, Wheatley Care implemented a customer satisfaction survey to measure care performance against key Care Inspectorate themes and objectives. The survey results will allow care to set a performance baseline for 2022/23.

4.20 <u>Peaceful Neighbourhoods</u>

4.20.1 The Group five-year strategic target is that 70% or more of our Group tenancies should be classified as "Peaceful" by 2026. Peaceful communities are defined as communities where customer reported incidents of anti-social behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving. The proven most effective way to achieve this target is by reducing the incidence of customer reported anti-social behaviour by our customers to Police Scotland.

4.20.2 As a result of our strategic deployments, prevention packages and training and awareness sessions we are seeing a rise in the submission of community intelligence and a reduction in ASB. The Group has achieved the strategic objective in 2021/22 with 70.1% against a target of 68%.

Percentage of Wheatley Group tenancies classified as (year to date average):	2020/21		2021/22	
	Number	Percentage	Number	Percentage
Safe	6,529	7.3%	8,572	9.6%
Calm	20,931	23.3%	18,261	20.3%
Peaceful	62,279	69.4%	62,906	70.1%

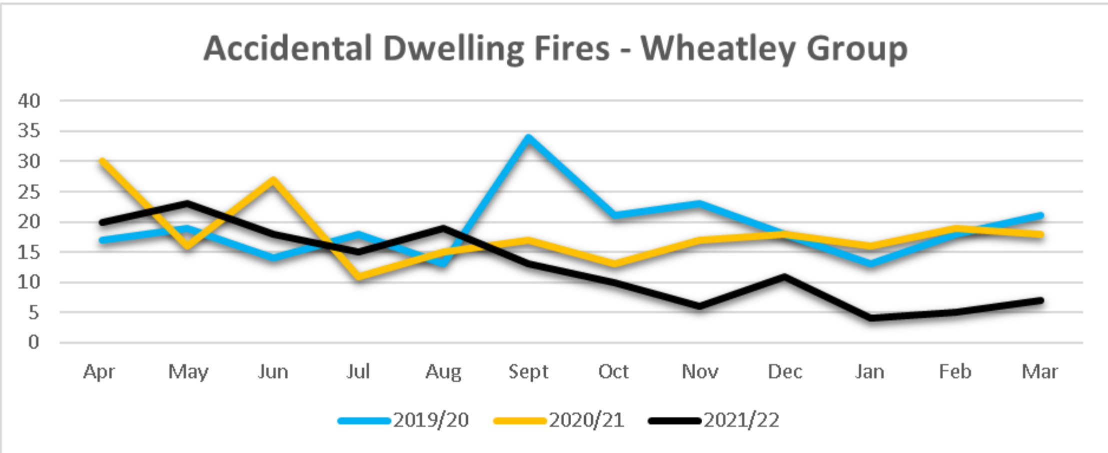
4.20.3 The focus for 2022/23 will be reducing the volume of repeat complaints of anti-social behaviour. We will be creating our CIP Prevention and Solutions Hub that will work on creating customer profiles and ensuring customers receive the most appropriate and proportionate wrap around services.

4.21 <u>Accidental Dwelling Fires</u>

4.21.1 The Group set a Strategic Result to reduce RSL accidental dwelling fires by 10% against the baseline of a total of 217 fires in 2020/21. As of the end of March 2022, 151 accidental dwelling fires have been recorded against the upper limit for this year of 210 to be on-track to achieve the strategic result.

Number of recorded accidental dwelling fires	2021/22			
	Q1	Q2	Q3	Q4
Dunedin Canmore	3	3	2	0
GHA	49	35	23	17
Loretto	3	2	1	1
WLHP	0	0	0	0
DGHP	6	5	1	0
Sub totals	61	45	27	18
Total Group YTD	**151**			
Upper limit this year to achieve strategic result	**210**			

4.21.2 Numbers of accidental dwelling fires has reduced for the 3rd consecutive year across the Group. In our efforts to reduce the number of Accidental Dwelling Fires experienced by the Group, the number of Home Fire Safety Visits (HSFV) undertaken by the Group Fire Safety Team has significantly increased in the last 3 years to 537 for year 2021/22.



4.21.3 In March, 12 fire risk assessments generated 572 actions and 125 of these were overdue as a result of access to customers' homes, material supply issues or delays caused by 3rd party involvement.

4.21.4 The Fire Prevention and Mitigation Update reported to Group Board in April detailed that going forward, it is the intention of the group fire safety team to transition the HFSVs to Person Centred Risk Assessments, incorporating additional safety factors such as those being proposed in SFRS Safe and Well Campaign in the coming year e.g. customers' with mobility issues, risk of falls etc. Also moving to a lean and dynamic digital format for the completion of reports will allow us to raise 50 per month (600 for year) targets for HFSVs (PCRAs) in 2022/23.

4.21.5 It is the intention of the Group fire safety team to recommence the next 3 year cycle of fire risk assessments in July 2022, bringing forward the review dates for many MSF and Living Well premises to ensure a more balanced and linear programme of fire risk assessments going forward.

4.22 Reducing Homelessness

4.22.1 The Group has made 57% relevant lets to homeless applicants in 2021/22, above the target of 56%. The total number of lets made was 2,475, exceeding our annual target of 2,000 and significantly contributing to the overall strategic result of 10,000 households by 2025/26.

4.22.2 The following table provides last year's results alongside the latest in-month and full year breakdown by RSL:

Percentage of Lets to Homeless Applicants	Relevant lets only				Charter	
	2020/21	March in-month	2021/22	Target	2020/21	2021/22
DGHP	51.8%	66.7%	51.9%	45%	50.3%	51.1%
Dunedin Canmore	72.8%	57.1%	63.4%	50%	61.6%	53.0%
GHA	65.7%	54.0%	58.3%	60%	63.1%	55.7%
Loretto	57.1%	67.5%	53.3%	50%	38.5%	48.4%
WLHP	69.7%	72.2%	47.9%	50%	65.0%	41.9%
Group	63.3%	58.2%	57.0%	56%	59.7%	54.0%

4.22.3 GHA's result is only 42 lets short of target. Priority letting to Wyndford customers impacted the result in the final quarter. GHA has contributed 1,683 of the Group's total lets to homeless applicants this year. WLHP is only 2 lets short of target, WLHP's annual result was impacted by the local authority's internal allocations review in the first quarter and the months where few or no homeless customers were presented.

4.23 Jobs and Opportunities

4.23.1 Overall, the Wheatley Foundation have exceeded all strategic targets for this year. The number of children supported through Foundation programmes 2021/22 is 2,250 and significantly exceeds target. Both the Imagination Library and Youth Arts projects exceeded their annual targets.

4.23.2 All projects running via the Creative Arts fund have now ended with projects throughout our communities supporting 650 children. Children were supported to learn new skills and find out more about areas within the arts including creative writing, drama and film making.

4.23.3 825 opportunities have been supported by Wheatley Works this year. Environmental Roots courses took place in Dumfries and Stranraer throughout February. Changing Lives trainees and a new apprentice will begin in Dumfries and Stranraer following this course. Eight young people in Glasgow will begin the Roots course to progress into Apprenticeships in April.

4.23.4 8,109 customers have also been supported by services which help to alleviate poverty this year. Tenants across the Group have been supported with financial advice, emergency food support and free furniture and white goods to help furnish their homes. A local version of Home Comforts will launch for DGHP tenants in April 2022 with this type of support now being available to all tenants across group.

Strategic Results	21/22 Target	Year-end performance 21/22	
4,000 jobs, training and apprenticeship opportunities delivered	700	825	
10,000 vulnerable children benefit from targeted Foundation programmes	1,400	2,250	
20,000 Wheatley Customers accessing services which help alleviate poverty	4,000	8,109	

4.24 My Savings

4.24.1 Our Strategic Result has been to have 60% of tenants with online accounts using the My Savings Rewards Gateway by 2026, with a target of 20% in year one of the strategy.

4.24.2 As of 31 March, the percentage of customers who are registered with MySavings is 11.95% (5,620). The number of active users has increased from 240 in February to 282 in March, however, the number of active users is still low against our annual target of 5,000.

4.24.3 We are reviewing this initiative and investigating future options, linked to the strategic project to review our online services model. In this context, it was proposed and agreed with the Group Board that the strategic result is reduced from 60% to 15%, taking account of the challenges experienced. Year 2 to 5 targets have been updated accordingly.

Developing our Shared Capability

4.25 Sickness Absence

4.25.1 The Group lost 4.07% of working time due to staff sickness absence in the year 2021/22 (compared to our target of 3%), just under the figure of 4.1% we reported at the end of the last quarter. As a result, we are reporting higher sickness levels this year than in 2019/20 (3.47%), which was a more comparable year that of 2020/21.

4.25.2 Housemark data shows that in-month sickness levels for their members in March 2022 rose above 4%, which is a similar level to figures they reported in winter. Overall Housemark members sickness levels generally rose through Q1-3 before falling back in February to rise again in March.

4.25.3 Anecdotally, Housemark report that in addition to COVID infections, returning to face-to-face contact and longer-terms issues with mental health have contributed to this rise at the end of the financial year.

4.25.4 Sickness absence has followed a relatively similar pattern. Monthly sickness levels for this year generally increased over Q1-3 peaking in October (5.01%) before generally falling slightly between December and February. Like Housemark, our in-month figures for February and March showed an increase (from 3.87% to 4%).

4.25.5 Throughout this year, HR have engaged our Occupational Health Provider, People Asset Management (PAM) to provide support sessions that have been specifically designed to help staff to address issues they have experienced during the pandemic. The first of these sessions, “Practising Resilience & Self Care”, was delivered in February.

4.25.6 CBT Wellbeing training sessions (Mind Matters) are also continuing this month with the Mind Matters for Leaders programme currently being finalised for inclusion into relevant leadership programmes.

4.26 Care – staff

4.26.1 The latest Recruitment and Retention Survey from Scottish Care highlighted several important staffing issues that are currently facing the sector. This includes the difficultly of recruitment and retention of staff. This is reflective in Wheatley Care's staff retention/stability percentage this year which was 81.5%, compared to 85.9% in 20/21.

4.26.2 Wheatley Care is actively working to improve this. The "Care Wellbeing task force", was one of these initiatives. An Implementation Plan from this has been agreed and six key priority focus areas for the promotion of wellbeing will be actioned between April – June 2022.

Enabling our Ambitions

4.27 Lowther and Gift Aid

4.27.1 [paragraphs 4.27.1- 4.27.9 redacted]

4.28 Care Services Finances

4.28.1 Care overall, comfortably hit all its strategic financial targets in 21/22. 94% of services finished in surplus, surpassing the 80% target and no services were in deficit for over two years.

4.29 Online Transactions and Digital Shift

4.29.1 Our Strategic Result is that 50% of our customers actively use their online account to make transactions with us. As this is a new measure, we are committed to developing reporting arrangements to determine active users within the system and establish a baseline this year.

4.29.2 There is a total of 47,010 customers registered with online accounts across a customer base of 94,510, therefore 49.74% of our customer base is now registered against a target of 50%.

4.29.3 We have had 2,976 new registrations for web self-service so far this year towards our target of 6,000, and, in period, 196 against the target of 500.

4.29.4 The following table provides subsidiary results for online accounts

Online Accounts as a Percentage of Customer Accounts	End of year performance 21/22
Dunedin Canmore	48.7%
GHA	57.5%
Loretto	59.3%
Lowther Factoring	40.9%
Lowther Letting	51.4%
West Lothian	70.3%
Group	50.02%

4.29.5 [redacted]

Summary of Strategic Project Delivery

4.30 The full list of our strategic projects is attached to this report as **Appendix 4**. It included a combination of 19 new Board level projects for 2021/22 and 4 projects which were carried forward from 2020/21.

4.31 A number of the projects were always assumed in our overarching 5 year strategic project plan to span over 2021/22 and 2022/23, such as Wyndford regeneration, our corporate estate model and the Whole Family Approach. On that basis it was always expected that the milestones would have a degree of flexibility, with the overarching focus being completion of them all by the end of year 2.

4.32 In agreeing the Delivery Plan strategic projects for 2022/23 the Board agreed that some of the 2021/22 milestones (mainly those due in the final quarter) be incorporated into the 2022/23 strategic projects. As part of this we also postponed projects related to our voice and digital services following the creation of the CFC.

4.33 The final position with strategic projects, representing a strong outturn performance at the year end was as follows:

Theme	Complete	Reprofiled	Overdue
Customer Experience	2	3	0
Homes and Assets	2	2	0
Changing Lives and Communities	3	1	1
Developing our Shared Capability	2	0	0
Enabling our Ambitions	3	0	0
Carry over projects	4	0	0
Total by status	**16**	**6**	**1**

5. Customer Engagement

5.1 We updated the Group Scrutiny Panel on the draft Charter results at its last meeting. The Panel reflected on the challenges RSLs have faced in the last two years, acknowledged the focus we have had during 2021/22 on remobilisation and supporting our tenants and communities during these times, and recognised the strong and improving performance in this context.

5.2 The Group Board in April approved the new Delivery Plan for 2022/23. This reflects our strong focus on our customers influencing and co-creating with us. Customer engagement is embedded as specific milestones of strategic projects which will directly impact the way we deliver services or the way they can be drawn down by customers. The development of both outstanding baselines and new measures – including those related to Stronger Voices involvement – reflects the importance of customers driving how we measure the quality of a service and inform future service improvement.

6. Environmental and sustainability implications

6.1 We have developed the baselines for a number of sustainability measures over the course of the year. Additional sustainability measures were approved by Board in April for 2022/23 onwards.

6.2 A key project for 2022/23 is the development of a strategic sustainability framework.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation and this has been a strong feature in supporting our performance over the year.

8. Financial and value for money implications

8.1 The measures and projects included in this report were agreed as part of the PMF approved in June 2021 and comprised the Delivery Plan for 2021/22.

8.2 Both documents focus service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board.

9.2 RSLs are also required to involve tenants in the scrutiny of performance, which we do through our Scrutiny Panel, and to report to tenants on performance by October each year.

10. Risk Appetite and assessment

10.1 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". We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

11. Equalities implications

11.1 There are no proposals in this report relating to our duties under equality legislation or that have an adverse impact on equality.

12. Key issues and conclusions

12.1 Despite continuing challenges posed by the pandemic across all sectors, we continue to perform strongly in a wide range of areas including: RSL gross rent arrears which remain within target and better than sector comparisons, letting a total of 2,475 homes to homeless applicants which far exceeds our target of 2,000 and tenancy sustainment measures surpassing target.

12.2 Other areas of highlight include Group average time for emergency repair completions at the targeted 3-days, remaining fully compliant with gas safety with no gas checks unmet in year, and numbers of accidental fires having reduced for the 3rd consecutive year across the Group.

12.3 Care overall has comfortably hit all its strategic financial targets in 2021/22. 94% of services finished in surplus, surpassing the 80% target, and no services were in deficit for over two years.

12.4 At a time when customers and communities were struggling with the uncertainties of the pandemic recovery, the Wheatley Foundation has exceeded all strategic targets. This includes supporting 2,250 children through Foundation programmes 2021/22.

12.5 Performance issues that remain in focus include new build completions, non-emergency repair completion timescales and medical adaptation completion timescales.

13. Recommendations

13.1 The Board is asked to:

1) note the contents of this report and that the draft Charter results are now with SHR following approval by RSL Boards in May; and
2) that final results and sector comparisons will be published in the autumn.

List of Appendices

Appendix 1 – Draft Charter Results Matrix 2021/22
Appendix 2 – Board Strategic Measures Dashboard 2021/22
Appendix 3 – Board Other KPIs Dashboard 2021/22
Appendix 4 – Board Strategic Projects Dashboard 2021/22

	Appendix 1 Charter Indicators	DGHP 2020/21 Results	DGHP 2021/22 Draft Results	DGHP 2021/22 Target	Dunedin Canmore 2020/21 Results	Dunedin Canmore 2021/22 Draft Results	Dunedin Canmore 2021/22 Target	GHA 2020/21 Results	GHA 2021/22 Draft Results	GHA 2021/22 Target	Loretto 2020/21 Results	Loretto 2021/22 Draft Results	Loretto 2021/22 Target	WLHP 2020/21 Results	WLHP 2021/22 Draft Results	WLHP 2021/22 Target
	ARC survey questions measured annually. No survey carried out in 2021/22															
01	Percentage of annual tenants satisfied with the overall service	94.83%	94.83%	N/A	96.02%	96.02%	N/A	87.64%	87.64%	N/A	84.06%	84.06%	N/A	95.14%	95.14%	N/A
02	Percentage of annual tenants who feel their landlord is good at keeping them informed about their services and decisions	95.93%	95.93%	N/A	95.03%	95.03%	N/A	88.17%	88.17%	N/A	75.59%	75.59%	N/A	91.85%	91.85%	N/A
03	Percentage of complaints responded to in full at Stage 1 and at Stage 2 (combined)	95.81%	97.25%	96%	98.89%	95.53%	96%	96.21%	97.67%	96%	97.56%	96.77%	96%	100%	100%	96%
04	Average time in working days for a full response at Stage 1 and at Stage 2 (combined)	4.86	5.94	8	4.80	5.83	8	5.58	6.05	8	4.55	5.04	8	2.94	4.19	8
05	Percentage of annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	94.75%	94.75%	N/A	93.64%	93.64%	N/A	80.11%	80.11%	N/A	63.58%	63.58%	N/A	92.93%	92.93%	N/A
06	Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	87.07%	85.09%	92%	99.77%	89.46%	99%	99.47%	89.69%	99.36%	100%	91.16%	100%	100%	95.55%	100%
07	Percentage of annual existing tenants satisfied with the quality of their home	92.68%	92.68%	N/A	95.42%	95.42%	N/A	87.05%	87.05%	N/A	88.78%	88.78%	N/A	92.39%	92.39%	N/A
08	Average time to complete emergency repairs (hours)	1.90	2.21	3	2.65	3.40	3	2.96	3.12	3	2.95	3.16	3	2.52	3.28	3
09	Average time to complete non-emergency repairs (working days)	5.63	9.91	5.5	3.14	6.49	5.5	4.09	8.07	5.5	4.60	6.98	5.5	4.00	6.46	5.5
10	Percentage of reactive repairs completed right first time	93.46%	83.10%	92%	96.69%	94.14%	95%	96.28%	91.03%	97%	94.94%	94.86%	97%	97.16%	93.37%	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.	298	0	0	122	0	0	1,536	0	0	114	0	0	8	0	0
12	Percentage of tenants satisfied with repairs or maintenance carried out in last 12 months	94.44%	89.32%	87%	88.34%	86.44%	87%	87.54%	88.77%	87%	100%	88.43%	87%	84.21%	90.32%	87%
13	Percentage of annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in	92.83%	92.83%	N/A	88.62%	88.62%	N/A	82.01%	82.01%	N/A	75.39%	75.39%	N/A	91.26%	91.26%	N/A
14	Percentage of tenancy offers refused during the year	19.80%	18.33%	Contextual	10.51%	14.45%	Contextual	18.92%	22.24%	Contextual	6.67%	11.40%	Contextual	7.89%	10.29%	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved	99.90%	99.17%	98%	100%	100%	98%	100%	100%	98%	100%	100%	98%	100%	100%	98%
16	Percentage of new tenancies sustained for more than a year - overall	84.98%	86.04%	87%	92.51%	93.18%	90%	89.73%	92.26%	90%	90.27%	88.57%	90%	92.65%	97.50%	90%
17	Percentage of lettable houses that became vacant	7.83%	8.39%	8%	6.73%	7.37%	7.3%	7.21%	7.83%	8%	8.28%	7.48%	8%	5.10%	6.29%	8%
18	Percentage of rent due lost through properties being empty	0.86%	0.49%	0.6%	1.36%	0.49%	0.6%	0.81%	0.55%	0.6%	1.11%	0.35%	0.6%	0.26%	0.15%	0.4%
19	Number of households currently waiting for adaptations to their home	80	51	Contextual	4	9	Contextual	94	100	Contextual	5	4	Contextual	0	0	Contextual
20	Total cost of adaptations completed in the year by source of funding (£)	£109,500	£1,699,888	Contextual	£52,338	£135,016	Contextual	£746,324	£2,533,158	Contextual	£94,588	£244,388	Contextual	£5,738	£31,575	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days)	43.30	55.35	35	10.48	10.85	35	66.24	38.19	35	119.39	61.36	35	40.25	22.57	35
22	Percentage of court actions initiated which resulted in eviction - overall	N/A	20%	25%	0%	11.11%	33%	33.33%	69.57%	25%	N/A	100%	25%	N/A	N/A	33%
23a	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	94.35%	81.62%	Contextual	96.27%	99.62%	Contextual	68.09%	78.54%	Contextual	68.19%	81.93%	Contextual	100%	100%	Contextual
23b	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let	74.93%	82.44%	Contextual	100%	88.93%	Contextual	79.09%	113.12%	Contextual	79.17%	120.62%	Contextual	96.30%	87.27%	Contextual
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	90.32%	90.32%	N/A	87.65%	87.65%	N/A	79.43%	79.43%	N/A	77.36%	77.36%	N/A	89.07%	89.07%	N/A
26	Rent collected as % of total rent due	100.04%	99.66%	Contextual	100%	99.01%	Contextual	99.41%	98.93%	Contextual	101.36%	99.39%	Contextual	97.65%	97.06%	Contextual
27	Gross rent arrears (%)	3.86%	4.10%	4.57%	3.84%	4.16%	4.29%	4.78%	5.16%	5.35%	3.05%	3.67%	4.03%	2.62%	2.94%	3.12%
28	Average annual management fee per factored property.	£99.96	£104	Contextual	£194.27	£194.28	Contextual	£181.99	£187.27	Contextual	£182.00	£187.27	Contextual	N/A	N/A	N/A
29	Percentage of annual owners satisfied with the factoring service	67.12%	67.12%	N/A	86.67%	86.67%	N/A	60.23%	60.23%	N/A	66.67%	66.67%	N/A	N/A	N/A	N/A
30	Average length of time taken to re-let properties (calendar days)	37.26	17.73	19.1	52.60	18.79	18.90	40.96	23.48	19.9	35.18	17.38	18.1	19.78	5.94	15

Appendix 2
Strategic Results 2021/22

Delivering Exceptional Customer Experience

Measure	2020/21 Value	2021/22 Value	2021/22 Target	Status
Overall customer satisfaction is above 90%	Continued results for ARC 20/21 return: DC - 96.0% DGHP - 94.8% GHA - 87.6% Loretto - 84.1% WLHP - 95.1%	New, Independent, Annual Satisfaction Surveys will now be developed 2022/23 and reported 2023/24 (rather than 2022/23)	No target 21/22	
Over 90% of Care customers are satisfied with the overall service	NEW	97%	90%	
RSL tenant satisfaction with value for money increased to 85%	Continued results for ARC 20/21 return: DC - 87.7% DGHP - 90.3% GHA - 79.4% Loretto - 77.4% WLHP - 89.1%	New, Independent, Annual Satisfaction Surveys will now be developed 2022/23 and reported 2023/24 (rather than 2022/23)	No target 21/22	

Measure	2020/21	2021/22		Status
	Value	Value	Target	
Satisfaction with complaint handling increased by 10%	NEW	Baseline to be developed 22/23	No target 21/22	
Overall satisfaction among households with children improved to 90%	This is part of overall satisfaction measure	New, Independent, Annual Satisfaction Surveys will now be developed 2022/23 and reported 2023/24 (rather than 2022/23)	No target 21/22	
Satisfaction with the process of getting a new home is improved by 10%	NEW	Baseline to be developed 22/23	No target 21/22	
90% of customers feel they can participate in the landlord's decision making	Continued results for ARC 20/21 return: DC - 93.64% DGHP - 94.75% GHA - 80.11% Loretto - 63.58% WLHP - 92.93%	New, Independent, Annual Satisfaction Surveys will now be developed 2022/23 and reported 2023/24 (rather than 2022/23)	No target 21/22	
90% of Care customers who are satisfied that they can participate in decision making and shaping their service	NEW	Baseline to be developed 22/23	No target 21/22	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
95% of customers actively engaged in shaping services feel they participate in decision making.	NEW	Baseline to be developed 22/23	No target 21/22	
Implement “rate it” score from book it, track it, rate it repairs approach and aim to improve performance by 10% (being developed, will be reported monthly once in place)	NEW	Baseline to be developed 22/23	No target 21/22	
[redacted]				

Making the Most of Our Homes and Assets

Measure	2020/21	2021/22		
	Value	Value	Target	Status
New build completions (total for Group)	377	438	675	
GHA - Social Housing	227	106	93	
GHA - Mid-market	49	142	292	
Dunedin Canmore - Social Housing	58	36	54	
Dunedin Canmore - Mid-market	35	25	25	
WLHP - Social Housing	8	62	136	
WLHP – Mid-market	0	0	26	
DGHP - Social Housing (12 units completed early in 2020/21 which were included in this target)	0	37	49	
Achieve 60:40 ratio of planned to reactive repairs spending	2019/20 66% : 36% (£61.4m : £35.2m)	65.9% : 34.1% (£92.2m : £47.7m)	60% : 40%	
Invest £360 million in improving, modernising and maintaining homes by 2025/26	New	£110.75m	£91.51m	
Reduce the volume of emergency repairs by 10% by 2025/26 (Group average) N.B. Current volume reduction is not linked to strategy delivery but the effect of supply delays and reduced resources on our ability to deliver to usual capacity.	April to March 19/20 – 89,002	96,629	+8.6%	N/A
GHA	April to March 19/20 – 64,642	68,246	+5.6%	
Loretto	April to March 19/20 – 5,145	4,165	-19%	
Dunedin Canmore	April to March 19/20 – 7,035	7,739	+10%	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
WLHP	April to March 19/20 – 729	1,024	+40.5%	
DGHP	April to March 19/20 – 11,451	15,455	+35%	
Invest £500m of new public and private finance in new build housing	NEW	£96.6m	N/A	
Achieve 95% customer satisfaction with their new build home (being developed as part of new survey approach/platform for customer value measures)	NEW	Baseline to be developed 22/23	No target 21/22	
Reduce the output of CO_2 emission from our homes by at least 4,000 tonnes per year	NEW	Anticipated as - 8402 tonnes (Will be validated by external verification during 2022)	-4000	
Reduce our corporate carbon footprint to carbon neutral by 2026	NEW	Baseline estimated 2000 tonnes (Will be validated by external verification during 2022)	No target in 21/22 (baseline year)	

Changing Lives and Communities

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
Percentage of Care services graded very good (5) or better by the Care Inspectorate	66.67%	68.18%	90%	
Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average)	69.4%	70.10%	68.0%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs)	Q4 20/21 - 216	151	-31.2%	
GHA	152	124	N/A	
Loretto	19	7	N/A	
Dunedin Canmore	9	8	N/A	
WLHP	0	0	N/A	
DGHP	23	12	N/A	
100% of relevant properties have a current fire risk assessment in place (Group)	100%	100%	100%	
The percentage of non-relevant properties with current fire risk assessment in place (Group) (Target revised in-year to reflect aim of having all FRAs completed by end of March 2022 rather than March 2023 as originally planned)	Programme started October 2020	100%	100% by end of Q4	
Percentage of relevant lets to homeless applicants	63.3%	57.0%	56%	
GHA	65.7%	58.3%	60%	
Loretto	57.1%	53.3%	50%	
Dunedin Canmore	72.8%	63.4%	50%	
WLHP	69.7%	47.9%	50%	
DGHP	51.8%	51.9%	45%	

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
Percentage of lets to homeless applicants (Charter)	59.7%	54.0%	N/A	
GHA	63.1%	55.7%	N/A	
Loretto	38.5%	48.4%	N/A	
Dunedin Canmore	61.6%	53.0%	N/A	
WLHP	65.0%	41.9%	N/A	
DGHP	50.3%	51.1%	N/A	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	2,419	2,475	1,500	
GHA	1,561	1,683	N/A	
Loretto	42	88	N/A	
Dunedin Canmore	226	206	N/A	
WLHP	26	36	N/A	
DGHP	396	443	N/A	
4,000 jobs, training places or apprenticeships opportunities delivered	188	825	700	
GHA	80	361	375	
Loretto	0	5	8	
Dunedin Canmore	7	80	30	
WLHP	1	3	4	
DGHP	N/A	74	54	
Care	0	0	0	
Lowther	[redacted]	[redacted]	[redacted]	[redacted]
Other	84	268	186	
10,000 vulnerable children benefit from targeted Foundation programmes (Group total)	New	2,250	1,400	

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
60% of tenants with online accounts are using the My Savings rewards gateway	New	11.95% (60% target has been reviewed. New target of 15% by year 5 agreed with Group Board in April 2022)	20.0% in year 1	
Achieve 85% satisfaction with Wheatley Environmental Services	NEW	Baseline to be developed 22/23	No target 21/22	
250 customers have been supported to attend higher education and university through Wheatley bursaries	80	50	50	

Developing our Shared Capability

Measure	2019/20	YTD 2021/22		
	Value	Value	Target	Status
Staff absence is maintained at 5% for Care services and 3% for all other parts of the business	3.47%	4.07%	3%	
GHA	3.03%	2.29%	3%	
Loretto	5.53%	3.50%	3%	
Dunedin Canmore	2.85%	3.21%	3%	
WLHP	0.27%	0.60%	3%	
DGHP	4.47%	1.94%	3%	
Lowther	[redacted]	[redacted]	[redacted]	[redacted]
Care	5.26%	6.67%	5%	
Solutions	2.34%	2.22%	3%	
Wheatley 360	3.22%	4.54%	3%	

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
Over 90% of staff say they feel appreciated for the work they do	80%	Timeline for IIP survey to be confirmed	No target in 21/22	
Over 80% of RSL customers self-report positive distance travelled towards "self-reliance"	NEW	Development will move into 2022/23 as part of FOAI impact contract.	No target in 21/22	
250 young people provided with structured opportunities to build their skills within the business	NEW	55	35	

50 graduates provided with opportunities to work and gain experience in our sectors	36	25	25	✓
40% of promoted posts are filled with internal candidates	NEW	49.6%	40%	✓
Staff voluntary turnover (i.e. resignations) remains at less than 7%	7%	7%	7%	✓

Enabling our Ambitions

Measure	2020/21 Value	YTD 2021/22 Value	YTD 2021/22 Target	Status
Reduce gross rent arrears down to 4% by 2026 (Group average)	4.48%	4.80%	5.03%	
GHA A	4.78%	5.15%	N/A	
GHA B	N/A	5.19%	N/A	
GHA Combined	N/A	5.16%	5.35%	
Loretto A	3.05%	3.40%	N/A	
Loretto B	N/A	3.97%	N/A	
Loretto Combined	N/A	3.67%	4.03%	
Dunedin Canmore	3.84%	4.16%	4.29%	
WLHP	2.62%	2.94%	3.12%	
DGHP	3.86%	4.10%	4.57%	
Lowther Letting	[redacted]	[redacted]	[redacted]	[redacted]
Average time to re-let properties (Group average)	40.87	21.55	19.5	
GHA	40.96	23.48	19.9	
Loretto	35.18	17.38	18.1	
Dunedin Canmore	52.60	18.79	18.9	
WLHP	19.78	5.94	15.0	
DGHP	37.26	17.73	19.1	
Proportion of Care services breaking even (after management fee)	83.87%	93.94%	80%	
Proportion of Care services breaking even (before management fee)	96.77%	100%	100%	
Number of Care Services in deficit for more than two years	NEW	0	0	
Percentage of Lowther rental customers with an online account	[redacted]	[redacted]	[redacted]	[redacted]

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
Limit annual RSL rent increases to 2.9% throughout the life of the strategy	DGHP 2% All other RSLs 3.4%	DGHP 2% All other RSLs 1.9%	Less than 2.9%	
Maintain a strong investment credit rating of A+ stable	A+ stable	A+ stable	A+ stable	
£15m generated in Gift Aid to Wheatley Foundation and reinvested in communities	£1.47m	£2.64m	£3m	
Achieve management costs per unit that remain in the lower quartile among an independently selected UK and international benchmarking group (being developed with Housemark)	NEW	Awaiting details from Housemark *(see separate agenda item)*	Target to be confirmed	
Over 50% of our customers actively use their online account to make transactions with us (being developed, determination of active status in our systems required)	NEW	Analytics to establish comprehensive view of the usage of our online offering is underway	49.8%	
Achieve our targets across the 7 domains of our digital maturity assessment	NEW	Strategy - 2 People - 2 Platform - 1 Delivery - 1 Innovation - 1 Customer - 2 Data - 1	Strategy - 2 People - 2 Platform - 1 Delivery - 1 Innovation - 1 Customer - 2 Data - 1	

Appendix 3
Other KPIs 2021/22 (includes Compliance)

Measure	2020/21	2021/22		
	Value	Value	Target	Status
Percentage of stage 1 complaints responded to within 5 working days (Group average)	96.18%	89.31%	100%	
Percentage of stage 2 complaints responded to within 20 working days (Group average)	99.64%	75.52%	100%	
Average time for full response to all complaints (Group RSL average, Charter)				
GHA	5.58	6.05	8	
Loretto	4.55	5.04	8	
Dunedin Canmore	4.8	5.83	8	
WLHP	2.94	4.19	8	
DGHP	4.86	5.94	8	
Percentage of new tenancies sustained for more than a year – overall (Group RSL average)	89.13%	91.00%	90%	
GHA	89.73%	92.26%	90%	
Loretto	90.27%	88.57%	90%	
Dunedin Canmore	92.51%	93.18%	90%	
WLHP	92.65%	97.50%	90%	
DGHP	84.98%	86.04%	87%	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
Average time taken to complete emergency repairs (hours) – make safe (Group RSL average)	2.76	3.00	3	
GHA	2.96	3.12	3	
Loretto	2.95	3.16	3	
Dunedin Canmore	2.65	3.40	3	
WLHP	2.52	3.28	3	
DGHP	1.9	2.21	3	
Average time taken to complete non-emergency repairs (working days) (Group RSL average)	4.2	8.08	5.5	
GHA	4.09	8.07	5.5	
Loretto	4.60	6.98	5.5	
Dunedin Canmore	3.14	6.49	5.5	
WLHP	4.00	6.46	5.5	
DGHP	5.63	9.91	5.5	
Average time to complete approved applications for medical adaptations (calendar days) (Group RSL average)	52.20	42.60	35	
GHA	66.7	38.19	35	
Loretto	119.39	61.36	35	
Dunedin Canmore	10.48	10.85	35	
WLHP	40.25	22.57	35	
DGHP	43.3	55.35	35	

Measure	2020/21	2021/22		Status
	Value	Value	Target	
Percentage of reactive repairs completed right first time	95.90%	91.19%	95%	
GHA	96.28%	91.03%	97%	
Loretto	94.94%	94.86%	97%	
Dunedin Canmore	96.69%	94.14%	95%	
WLHP	97.16%	93.37%	95%	
DGHP	93.46%	83.10%	92%	
Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL total)	2,149	0	0	
GHA	1,536	0	0	
Loretto	114	0	0	
Dunedin Canmore	122	0	0	
WLHP	8	0	0	
DGHP	298	0	0	
Percentage of ASB incidents resolved (Group RSL average)	99.99%	99.91%	98%	
GHA	100%	100%	98%	
Loretto	100%	100%	98%	
Dunedin Canmore	100%	100%	98%	
WLHP	100%	100%	98%	

Measure	2020/21 Value	2021/22 Value	2021/22 Target	Status
DGHP	99.90%	99.17%	98%	
Percentage of court actions initiated which resulted in eviction	25%	48.95%	25%	
GHA	33%	69.6%	25%	
Loretto	No court actions, no evictions	100%	25%	
Dunedin Canmore	0%	11.1%	33%	
WLHP	No court actions, no evictions	No court actions and no evictions	33%	N/A
DGHP	No court actions, no evictions	20%	25%	
Percentage of lettable homes that became vacant (Group RSL average)	7.31%	7.85%	8%	
GHA	7.21%	7.83%	8%	
Loretto	8.28%	7.48%	8%	
Dunedin Canmore	6.73%	7.37%	8%	
WLHP	5.10%	6.29%	8%	
DGHP	7.83%	8.39%	8%	
Number of accidental fires in workplace	New measure	1	0	
Number of RIDDOR incidents reported	7	11	22	
Number of Health and Safety Executive or local authority environmental team interventions	New measure	0	0	
Number of new employee liability claims received	New measure	2	0	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
Number of open employee liability claims	New measure	9	8	N/A
Number of days lost due to work related accidents	New measure	334	276	N/A

Compliance Programme Delivery

2021/22 End of year	GHA	Loretto	DC	WLHP	DGHP
Fire Safety (smoke, heat, CO detectors / LD2) - percentage of properties on applicable servicing completed	100%	100%	100%	100%	100%
Fire Safety (smoke, heat, CO detectors / LD2) - percentage of properties on applicable installation/replacement programmes completed	100%	100%	100%	100%	100%
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	100%	100%
Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Number of passenger lifts with a completed six-month inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Percentage of electrical installation inspections completed toward annual programme	100%	100%	62.24%	57.95%	100%
Percentage of properties with an EICR certificate up to 5 years old	86.97%	82.21%	85.93%	95.74%	99.71%

Appendix 4
Strategic Projects Dashboard

01. Delivering Exceptional Customer Experience

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Implement new engagement framework - Phase 1 (b)	31-Mar-2022		100%	01. Stronger Voices Team structure agreed via workforce planning and recruited	31-Jul-2021	Yes	The target of recruiting 100 Customer Voices by the end of 2021/22 has been achieved. These are split by RSL as follows DGHP - 25 DC - 25 GHA - 30 Loretto - 10 WLHP - 10 Analysis shows a gender split of 70% female to 30% male. In terms of age, there appears to be a better spread of age range with 62% under 50 years old.
				02. Engagement plan for Customer and Community Voices developed	31-Aug-2021	Yes	
				03. Customer and Community Voices recruited - 50	30-Sep-2021	Yes	
				04. My Community App piloted, evaluated and preferred solution identified and agreed by ET	31-Jan-2022	Yes	
				05. Customer and Community Voices recruited - total 100	31-Mar-2022	Yes	
Develop a Wheatley Whole Family approach (b)	30-Apr-2022		80%	01. Scoping stage completed	31-Aug-2021	Yes	All customer and staff engagement is now complete. The Board agreed to reprofile the final milestone into the 22/23 delivery plan as part of a wider
				02. Consultant appointed and	31-Oct-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				Group project team identified			strategic project to incorporate even further customer engagement before any final action plan is developed.
				03. Review of all primary insight and report on initial findings	28-Feb-2022	Yes	
				04. Customer and staff engagement undertaken	31-Mar-2022	Yes	
				05. Final report and action plan produced and approved by ET	30-Apr-2022	No	
Introduce new cloud based telephony system (b)	31-Mar-2022		0%	01. Carry out a review of telephony vendors and system capability	31-Jan-2022	No	This project was set prior to the creation of the Customer First Centre. The Board agreed that this project be reprofiled into the 2022/23 Delivery Plan to ensure it is integrated with the wider CFC workstreams and strategic projects.
				02. Review WFM platforms in line with telephony system	31-Jan-2022	No	
				03. Business case for new cloud based telephony and WFM system approved by ET	31-Mar-2022	No	
				04. Go-live approved by ET	31-Mar-2022	No	
Develop new RSL online services model (b)	31-Mar-2022		0%	01. Identify a leader plus small team of 2-3 in the	31-Oct-2021	No	As with the telephony system this project was set prior to the creation of the Customer First Centre.

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				business to focus on this work			The Board agreed that this project be reprofiled into the 2022/23 Delivery Plan as a strategic project and a paper on our digital services is provided to this meeting.
				02. Review current online service offerings (baseline)	30-Nov-2021	No	
				03. Identify and engage with relevant service leads for 'baseline' services	31-Dec-2021	No	
				04. Use this to define our digital customer offering, approach and roadmap	31-Mar-2022	No	
				05. Develop customer digital engagement approach/strategy	31-Mar-2022	No	
				06. Co-ordinate our activity to promote this to customers	31-Mar-2022	No	
Refine Repairs Delivery Model (b)	28-Feb-2022		100%	01 Final 5 year review received from Campbell Tickell	31-May-2021	Yes	Project complete, the Board agreed the repairs transformation programme at its February meeting.
				02 Develop common approach for repairs service across West, East and South	31-Dec-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				03 ET and Board approval of proposals	28-Feb-2022	Yes	

02. Making the most of our Homes & Assets

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Implement Group corporate estate model - phase 1 (b)	31-Mar-2022		57%	01. DGHP Dumfries Hub developed and approved by ET	31-May-2021	Yes	The Board considered progress throughout the year and agreed that some timelines be reprofiled into 2022/23. This is reflected in the 2022/23 Delivery Plan strategic projects. We have now opened the DGHP Brasswell site as well as reviewed our future plans for depots.
				02. Wheatley House prototype complete-	31-Jul-2021	Yes	
				03. New Mart Road Hub developed and approved by ET	31-Aug-2021	Yes	
				04. Deliver Touchdown Points	30-Sep-2021	Yes	
				05. DGHP Dumfries Hub complete	28-Feb-2022	No	
				06. New Mart Road Hub complete	31-Mar-2022	No	
				07. Review Depots with outcome of review and proposals agreed by ET	31-Mar-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Wyndford Regeneration (b)	28-Feb-2022		75%	01. Settlement agreement executed	30-Apr-2021	Yes	The Board were updated on this project at its April meeting. It was recognised the final milestone is not completely within our control. This project has also been included in the 2022/23 Delivery Plan strategic projects, including the additional of new milestones given its multi year lifespan.
				02. Stock classification report to GHA Board	28-Feb-2022	Yes	
				03. Strategic Support from GCC received for the delivery of a Wyndford regeneration project.	30-Sep-2021	Yes	
				04. Wyndford masterplan to be agreed with GCC	28-Feb-2022	No	
High Rise Living Framework Year 2 (b)	31-Dec-2021		100%	01. Launch You choose Challenge (10% of MSF sites to spend £10m investment)	31-Oct-2021	Yes	Complete. The Wheatley Homes Glasgow Board considered our MSFs within the wider context of its asset strategy for Glasgow at its strategy workshop in March. An annual update remains part of the Wheatley Homes Glasgow governance planner and/or as part of engagement updates.
				02. Increase High Rise Living Forum by 25 additional members	31-Oct-2021	Yes	
				03. Provide an update to ET	30-Nov-2021	Yes	
				04. Progress reported to Board	31-Dec-2021	No	
Wheatley Green Investment Plan (b)	31-Dec-2021		100%	01. Develop Wheatley Green	30-Apr-2021	Yes	Project complete

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				Campaign to align with COP26			
				02. ET agreement of COP 26 Green Campaign	31-May-2021	Yes	
				03. Green Investment Plan engagement with Scottish Government	31-Aug-2021	Yes	
				04. COP26 related campaign activties ends	31-Dec-2021	Yes	

03. Changing Lives & Communities

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
GAEH 1 year review (b)	31-Mar-2022		50%	01. Functional Teams Annual work plans approved	30-Jun-2021	Yes	Approval from ET that the two remaining milestones are reprofiled into the 2022/23 Delivery Plan. The milestones have an element of interdependency with external partners and as such are not completely within our control.
				02. Strategic delivery plan	30-Jun-2021	Yes	
				03. Terms of Supply approved	31-Mar-2022	No	
				04. Outreach Service redesign approved and communicated	31-Mar-2022	No	
Redesign the TSS Service (b)	31-Dec-2021		100%	01. Cross group discovery	30-Jun-2021	Yes	Project complete – follow on elements will be monitored by ET and the

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				programme			Wheatley Care Board over 2022/23.
				02. Service model design draft	31-Aug-2021	Yes	
				03. Proposals approved	30-Sep-2021	No	
				04. Staff consultation commenced	31-Oct-2021	No	
				05. Implementation programme developed	31-Oct-2021	No	
				06. Implementation programme concluded	31-Dec-2021	No	
Care policy framework reviewed (b)	31-Oct-2021		75%	01. Policy Framework programme of review established	31-May-2021	Yes	The review was delayed to ensure it fully aligned to a new group wide approach to policy management (the policy management approach was highlighted to the RAAG Committee in April) . The policy review has now been completed and the launch is planned in the summer of 2022/23.
				02. Review programme commenced	30-Jun-2021	Yes	
				03. Review programme concluded	30-Sep-2021	Yes	
				04. Policy Framework fully launched and communicated	31-Oct-2021	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Deliver a group wide Antisocial Behaviour Prevention & Mitigation Framework (ASBPMF) that maps out our approach to preventing, managing and mitigating ASB (b)	30-Jun-2021		100%	01. Draft ASB Prevention & Mitigation Framework prepared for Executive Team consideration	31-May-2021	Yes	Project complete
				02. Group Board approval of Framework	30-Jun-2021	Yes	
Review Group Fire Prevention & Mitigation Framework including digital solutions (b)	31-Mar-2022		100%	01. Undertake a review and update the Fire Prevention & Mitigation Framework	31-May-2021	Yes	Project complete
				02. Updated Framework approved by Group Board	31-May-2021	Yes	
				05. Explore digital solutions for capturing, recording, managing & reporting on Group Fire Risk Assessments, Fire Intervention Reports and vulnerable person visits	31-Mar-2022	Yes	
				06. Digital solutions	31-Mar-2022	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				proposals agreed by ET -			

04. Developing our Shared Capability

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Develop new leadership development programme (b)	31-Jul-2021	✔	100%	01. Expand existing Leading in a Digital Era programme	31-May-2021	Yes	Project complete
				02. New Leadership Development programme developed for all people leaders, reflecting the new operating model	31-May-2021	Yes	
				03. ET approval of new Leadership Development Programme	31-Jul-2021	Yes	
Strategic governance review (b)	31-Oct-2021	✔	100%	01. Scope agreed by Group Board	30-Apr-2021	Yes	Project complete
				02. External review undertaken	31-Jul-2021	Yes	
				03. Group Board agree recommendation	31-Oct-2021	Yes	
				04. Group Board agree	31-Oct-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				implementation plan			

05. Enabling our Ambitions

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
[redacted]							
Restructure funding syndicate (b)	31-Dec-2021		100%	01. Board agree strategy for restructure	31-Oct-2021	Yes	Project complete
				02. Implementation of restructure	31-Dec-2021	Yes	
Establish digital maturity approach and assessments (b)	28-Feb-2022		100%	01. Revise baseline of current metrics (revisit Azets review)	31-May-2021	Yes	Project complete
				02. Define and establish core maturity metrics across 21/22	30-Jun-2021	Yes	
				03. Define projects and activities/outcomes linked to maturity goals across roadmaps	30-Jun-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				04. Communicate targets for progression	31-Jul-2021	Yes	
				05. Perform mid-year review	31-Oct-2021	Yes	
				06. Update on progress to WS Board	30-Nov-2021	Yes	
				07. Produce end of year report and plan for 2022 for ET approval	28-Feb-2022	Yes	

Carry Over Projects

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
Socio-economic research study linked to cost of a home (b)	30-Jun-2021		100%	01. Initial discussion with ET and FAI	31-Oct-2020	Yes	Project complete
				02. Methodology for cost of a home validated by FAI	31-Dec-2020	Yes	
				03. Methodology, associated targets and implementation	31-Jan-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				approach agreed by ET			
Implementation of strategy to meet "no home unimproved" by 2020 (b)	31-Mar-2022		100%	01. Agree list of properties for investment	31-Aug-2019	Yes	Project complete.
				02. Agree scope of work for investment	30-Sep-2019	Yes	
				03. Prepare internal resources and resubmit grant application	30-Jun-2021	Yes	
				04. Receive approval from Scottish Government	31-Aug-2021	Yes	
				05. Complete investment programme	31-Mar-2022	Yes	
Develop pre-1919 strategic overview (b)	30-Jun-2021		100%	01. Develop scope of strategy	31-Jul-2019	Yes	Project complete
				02. Draft strategy for consultation	31-Oct-2019	Yes	
				03. Approval of approach	31-Dec-2020	Yes	
Commercial Properties Review (b)	30-Jun-2021		100%	01. Commercial Properties Stock Condition Survey identifying future maintenance and investment	31-Oct-2020	Yes	Project complete

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update
				requirements completed.			
				02. Lease review completed	30-Nov-2020	Yes	
				03. Review of portfolio performance completed	30-Nov-2020	Yes	
				04. Options to optimise portfolio's delivery of strategic objectives identified.	31-Jan-2021	Yes	
				05. Paper to Group Board	31-Mar-2021	Yes	

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Group Business Continuity Policy**

Date of Meeting: **29 June 2022**

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1. Purpose

1.1 This report seeks Board approval for the revised Group Business Continuity Policy and its continued designation as a Group wide policy.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework and Intra-Group Agreements with partner organisations the Group Board is responsible for approving Group policies and their designation as applicable to all relevant Group partners.

2.2 The existing Group Business Continuity Policy was approved by this Board and designated as a Group Policy. Subject to Board approval, the updated policy will be shared with Group partners for implementation with immediate effect.

2.2 This report and the revised Group Business Continuity Policy also aims to satisfy the recommendations outlined in the Group Assurance Audit for Business Continuity Management, that reflects upon the lessons learned for business continuity throughout the pandemic and as detailed in the recent Campbell Tickell report, *Nobody Left Behind (2021).*

3. Background

3.1 The current approach to business continuity is in line with the Business Continuity Strategy and Group Business Continuity Policy that was approved by the Board in 2015 (revised 2018).

3.2 Business continuity and its planning is well established across the Group for the purpose of returning the business to normal levels of service following an incident which causes disruption and affects our ability to provide services to our customers, staff, and people we work for.

3.3 More recently however, our review of the current Business Continuity Policy and associated plans, having due consideration to the Group response during the Pandemic, identified that going forward under our new operating model, we could refine our approach to business continuity to strengthen our level of control and consistency in approach.

International Standardisation Organisation (ISO) 22301:
Security and Resilience – Business Continuity Management Systems

3.4 Our Business Continuity Strategy and Group Business Continuity Policy are aligned to the framework set out in ISO 22301: 2019 Security and Resilience: Business Continuity Management Systems.

3.5 ISO 22301, Security and Resilience was the first International Standard (ISO) for implementing and maintaining effective business continuity plans, systems, and processes.

3.6 ISO's high-level structure aligns with many other internationally recognised management system standards, such as ISO 9001 (quality) and ISO 14001 (environment) and ISO 45001 (health & safety). As such, it is designed to integrate with an organisation's existing management processes.

3.7 ISO 22301 is based on a cycle of continuous improvement that is consistent with the group approach to the management of health and safety of *Plan, Do, Check, Act*.

Business Continuity Response

3.8 The existing Group business continuity strategy, policy and plans provided a strong platform to navigate the group and our business through the pandemic, maintaining essential services and keeping our staff and customers safe in doing so.

3.9 As part of the response to the pandemic, a Business Continuity Management Team was established reporting to the Executive Team on a regular basis.

3.10 This team brought together key decision makers and provided a structure for the management of the business at a strategic and local level (Business Continuity Response Teams).

3.11 Having Business Continuity Response Teams in place ensured that all business interests were considered in key decisions and, where inter-dependencies were critical in maintaining essential services. To support their work, business leads developed a small response team in their respective business areas, to manage the implementation of key decisions and strategies which, ensured a greater level of control and consistency in our approach.

3.12 The business-critical nature of our response to the pandemic meant that it was a primary focus of the Executive team, who had overall leadership in ensuring robust business and service responses throughout the pandemic and, in directing the work through the Business Continuity Management team as necessary.

3.13 Following the pandemic, there was some business continuity plans that did not yet fully reflect our new operating model which involved high numbers of operational staff, potentially giving rise to a risk of inconsistency in practice and quality control.

3.14 Moving forward, the review, development and consolidation of Business Continuity Plans will be taken forward by recognised Business Continuity Response Teams specific to each business area, whom shall be afforded, appropriate levels of training relevant to their respective roles, responsibilities, and involvement in business continuity.

Business Impact Analysis (Corporate Business Risks)

3.15 Business Impact Analysis is a process that allows respective business areas to consider the impact of business disruption with the aim of identifying relevant mitigation strategies, group wide interdependencies in order to return the business area to normal levels of service as soon as possible.

3.16 Our Business Impact Analysis will bring a sharpened focus to our business continuity arrangements and mitigating corporate business risks. Corporate business risks that are under review in all business impact analysis include, but are not limited to, the following:

- Loss of Key Suppliers and Supply Chain
- Loss of IT, Data Networks and Data Servers
- Epidemic / Pandemic Outbreak
- Severe Weather Event
- Local and National Power Outage
- Loss of Utilities
- Fuel Supply Shortage

Communication and Escalation (3C Structure)

3.17 In the review of our business continuity policy and associated plans and having due consideration to the group response during the pandemic, our new operating model requires the ongoing development of business continuity management structures, to maintain control and oversight of our approach.

3.18 Notwithstanding the group wide business continuity plans and associated emergency plans, the revised business continuity policy proposes a revised management structure that is aligned to the generic 3C command structure, recognised and used by the police, emergency services and other partner agencies, based on the gold, silver, bronze (GSB) hierarchy of command and control.

3.19 This structure, as practice has shown, can be applied to the resolution of both spontaneous incidents and planned operations and demonstrates a clear protocol for communication and escalation, from Business Leads to Group Directors and ultimately the Group CEO.

3.20 Our approach to the management of business continuity within each business area shall therefore recognise and implement a 3C structure to further enhance our existing communication, escalation and decision making processes.

Testing and Exercising

3.21 The testing and regular exercising of Business Continuity Plans is critical to the Group's readiness to respond and manage potential threats and risks to the delivery of services across the Group.

3.22 The pandemic that seen the group approach steer the business through a period of uncertainty with such vigour and achievement, provides an opportune moment to inject our learning and experience into the current Business Continuity framework, to further strengthen our resilience and ensure this is reflected in the regular testing and exercising of Business Continuity plans.

3.23 Under the current business continuity strategy, business continuity leads are responsible for ensuring the regular testing and exercising of business continuity plans and emergency plans are undertaken and documented.

3.24 Lessons learned in the testing and exercising of plans shall continue to be undertaken and recorded in the ongoing review of business continuity plans and emergency plans.

3.25 Testing and exercising of business continuity plans shall incorporate a combination of corporate and business specific risks, led by the group health and safety team and business continuity co-ordinators respectively.

Staff Training

3.26 The provision of training in business continuity has been reviewed to reflect the roles and responsibilities under a new training model that will elevate understanding and competence of those identified in the business continuity response team.

3.27 Business continuity co-ordinators responsible for the development, management and maintenance of business continuity plans and emergency plans have undertaken more in-depth training delivered at Wheatley House by the Emergency Planning College. This will be further rolled out to business continuity leads over the coming year 2022/23.

3.28 Business continuity awareness training shall continue to be available to those not directly involved in business continuity management, via the group online e-learning platform, MyAcademy.

Cyber Security

3.29 In addition to this policy, we have a distinct workstream for cyber security and the potential implications for business continuity. Core Architecture i.e our digital systems and platforms and Cyber Security are a core workstream in our digital transformation programme.

3.30 The wider digital transformation programme is overseen by the Wheatley Solutions Board, where it is a standing item. In addition to this the Group Audit Committee received a bi-annual cyber security update and it is incorporated into our 2022 Board CPD plans.

3.31 Over our 2021/22 digital transformation programme we delivered a number of key Cyber Security improvements, including ransomware preparedness, email security and home working service access.

3.32 We also engage independent expert security advisors (NCC Group) who undertake the following on our behalf:

- ***Security Incident and Event Monitoring*** – 24 hour monitoring of logs and system activities across our core platforms, user accounts and Internet access. Security incidents are identified and diagnosed, with escalation to Group IT staff for review and follow on action.
- ***Technical security assessment services*** – security scanning and penetration testing is provided against Group platforms and where required against 3rd party platforms (such as MyHousing, Alertacall). Technical services also include security design consultancy, secure source code reviews or wider technical assessments devices, hardware, software or security postures.
- ***Security consultancy, including major incident event response*** – NCC group are retained across projects to provide guidance and recommendations on technology security strategy, identity-access approaches, cloud secure configuration, network security and architecture, as well as framework adoption and assessments (NIST and Cyber Essentials). Additionally, we maintain 10 retainer days for 24hour on call major incident response support in the event of a major security event within our Group or a key trading partner.

3.33 Our cyber approach is underpinned by standalone, rather than part of wider business continuity, mandatory staff training.

4. Discussion

4.1 The alignment of our business continuity policy with ISO 22301:2019 Security and Resilience provides for a strong framework and approach to business continuity across the group and in all business areas that are critical to the ongoing delivery of essential services. Furthermore, it demonstrates a recognised national standard that will ensure our response to business interruption events is both robust and resilient.

4.2 The introduction of business continuity response teams will also ensure tighter control and consistency across all business areas for the immediate response to business interruption and allow for, the effective escalation of information to the group executive team and Group CEO, as necessary.

4.3 Driven by the business continuity implementation working group, our arrangements for the review of business continuity plans, staff training and regular testing and exercising regimes, shall ensure there is group wide representation and involvement to our approach that will strengthen our mitigation strategies and resilience in maintaining our essential services.

4.4 Business impact analysis will offer a process where, corporate business risks and those risks identified specifically within each business area, can be identified, and managed within each business area with the wider inter-dependencies across the group given full consideration.

4.5 Reflecting on the lessons learned during the recent pandemic and acting on the recommendations of the group assurance, our business continuity policy has been updated. These updates in our policy and arrangements will ensure our response to business continuity remains strong, robust, and resilient to support our staff, customers, and stakeholders at times of business interruption.

5. Customer Engagement

5.1 Business leads responsible for the operation of their service are customers for the support, advice and guidance provided by the group health and safety team on business continuity planning. As such it is key that all group subsidiaries and business areas are represented in any development of the business continuity, strategy, and associated plans.

5.2 Terms of reference have been developed to establish a Business Continuity Implementation Working Group, with all business areas nominating a suitable representative to attend and represent their respective business area to drive the ongoing management of business continuity arrangements.

6. Environmental and sustainability implications

6.1 Having robust business continuity arrangements in place will help support our new operating model and the environmental sustainability benefits this brings.

7. Digital transformation alignment

7.1 Currently all business continuity arrangements and business continuity plans are hosted on Sharepoint. In the event of Network failure or not gaining access, there is a risk that Business Continuity Plans will not be retrieved.

7.2 In line with our new operating model and the implementation of home-based agile workers, there is a different risk profile to information technology given our Digital Transformation and increased reliance on digital methods including accessing of networks remotely.

7.3 Consideration will be given through the proposed business continuity implementation working group and in updating and implementing plans to new and emerging risks and our ability to respond to business interruption events such as the loss of Network access and ransomware attacks.

8. Financial and value for money implications

8.1 There are no direct financial implications associated with this report. Our budget includes a provision for the delivery of staff training.

9. Legal, regulatory, and charitable implications

9.1 There are no legal, regulatory, or charitable implications associated with this report.

10. Risk appetite and assessment

10.1 Our group risk appetite for business continuity and disaster recovery is one of caution. This indicates a preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.

10.2 In keeping with this risk appetite, the group assurance team have undertaken an audit of the Business Continuity arrangements within the Group and have made several recommendations in their conclusions, that this report aims to address through the revised Business Continuity Policy.

10.3 Specifically, there is a recommendation to review the existing Business Continuity Policy, learning lessons from the pandemic and ensuring tighter control over our Business Continuity in all Business Areas.

10.4 In relation to cyber security, this is an area where the Board have requested that the Group Audit Committee oversee this risk in more detail. As part of this the Committee received a detailed bi-annual update on our cyber security activities. Additionally the Committee oversees such activity at City Building Glasgow through the CBG Internal Audit programme.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 We have a well established, structured approach to business continuity which has allowed us to show business resilience where major unforeseen events have emerged such as the Beast form the East and the covid pandemic.

12.2 A key element of our approach to business continuity is to learn lessons and refine our approach after any major events or as our operating context evolves. The reviewed policy seeks to do this, along with drawing on the value of the feedback from the assurance review.

12. Recommendations

12.1 The Board is asked to:

1) note the contents of the report; and
2) approve the revised business continuity policy and its continued designation as a group wide policy.

List of Appendices:

Appendix 1 – Group Business Continuity Policy [redacted. Available under Publication Scheme [Publication scheme | Wheatley Group (wheatley-group.com)](wheatley-group.com)]

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Finance report

Date of Meeting: 29 June 2022

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1. Purpose

1.1 The purpose of this paper is to provide the Board with the financial results for the period to 30 April 2022.

2. Authorising and strategic context

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

2.2 The strategic context is one of a challenging economic environment, with inflation rising rapidly on fuel, utilities and construction materials. The key themes and aims of the 2021-26 strategy Your Home, Your Community, Your Future set the context for the preparation of the 2022/23 budget. The 2022/23 budget effectively mirrors the first year of the business plan financial projections for each entity and will allow each Board, as well as the Group Board, to monitor progress during the year against our business plan targets.

3. Background - Financial performance to 30 April 2022

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

	Year to Date (Period 1)		
£k	**Actual**	**Budget**	**Variance**
Turnover	33,261	29,175	4,086
Operating expenditure	25,351	26,250	899
Operating surplus	**7,910**	**2,925**	**4,985**
Operating margin	*23.8%*	*10.0%*	
Net interest payable	(4,993)	(5,434)	441
Surplus	**2,917**	**(2,509)**	**5,426**
Net Capital Expenditure	**9,458**	**9,124**	**(334)**

4. Discussion

4.1 The Group is reporting a statutory surplus of £2.9m, £5.4m favourable to budget. This is caused principally by a favourable variance of £3.9m on new build grant income recognition following the completion of properties in April 2022 which had been originally assumed to complete in the 2021/22 financial year.

4.2 Key variances against budget include:

- Within turnover, grant income recognised is £3.9m higher than budget. A total of 40 new build units (22 social rent and 18 MMR) have been completed in the month all of which were delayed units from 2021/22 with completions at Damshot, Hurlford Avenue and Dargavel.

- Net rental income is £0.2m favourable to budget with lower void levels driving the variance.

- In operating expenditure, total costs are £0.9m favourable to budget, as a result of lower expenditure than budget across several expenditure lines linked, primarily at this early stage, to budget phasing.

  - Staff costs are £0.2m lower than budget due to employee care contract costs in Wheatley Care. This relates to a number of services operating with staff vacancies against budget.
  - Running costs are £0.4m lower than budget linked to the timing of expenditure and lower than budgeted group recharges across Wheatley Solutions contributing to the underspend.
  - Bad debt costs are £0.3m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.

4.3 Net capital expenditure is £0.3m higher than budget. Within this, new build spend is £2.0m lower which links through to grant income claimed which is £1.8m lower than budget at the end of April. Spend reflects delays in planning approvals and slow progress on sites due to supply issues.

4.4 Greater spend had been anticipated across a number of sites for WLHP including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin, Wallyford and Westcraigs.

4.5 Investment in our existing homes of £4.8m was £0.8m higher than budget higher spend in WH Glasgow across adaptations, void improvements and capitalised repairs.

<u>Standard & Poor’s credit rating update</u>

4.5 Our credit rating agency Standard & Poor’s (“S&P”) completed their annual review of the Group’s credit rating and reconfirmed our A+ rating with a stable outlook. They also reviewed the separate standalone rating for Lowther which retained its A rating. This is an excellent result for the Group given the challenging economic environment.

4.6 In their report, S&P highlighted the financial health of the Group and the benefit that operational efficiencies achieved over recent years will provide in mitigating current inflationary cost pressures, the requirements to invest in our homes and our ability to keep rents affordable for our customers. In considering investment obligations they noted our emphasis on the achievement of sustainability targets around energy efficiency and carbon neutrality and the important role we have for the Scottish Government as a key partner in the sector. The full report is attached at appendix 2.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 As noted above.

9. Legal, regulatory and charitable implications

9.1 As noted above.

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

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

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

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

13. Recommendations

13.1 The Board is requested to:

1) Note the financial performance for the Group to 30 April 2022
2) Note the results of the S&P rating review

LIST OF APPENDICES

1: Wheatley Group Financial Report to 30 April 2022

2: Standard & Poor's rating update May 2022

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

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1a) Wheatley Group – Year to date

	Period to 30 April 2022			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	25,997	25,784	213	312,909
Grant income	3,911	9	3,902	40,039
Other Income	3,353	3,382	(29)	42,770
Total Income	**33,261**	**29,175**	**4,086**	**395,718**
EXPENDITURE				
Employee Costs	7,388	7,539	150	90,055
ER/VR	37	-	(37)	5,150
Running Costs	3,494	3,919	426	46,239
Repairs & Maintenance	4,951	5,040	89	64,097
Bad debts	234	507	273	6,128
Depreciation	9,144	9,144	-	109,624
Demolition Programme	103	101	(2)	2,205
Total Expenditure	**25,351**	**26,250**	**899**	**323,497**
NET OPERATING SURPLUS	**7,910**	**2,925**	**4,985**	**72,221**
	23.8%	10.0%		18.3%
Net interest payable	(4,993)	(5,434)	441	(65,512)
STATUTORY SURPLUS/(DEFICIT)	**2,917**	**(2,509)**	**5,426**	**6,709**
INVESTMENT				
Total Capital Investment Income	56	1,896	(1,840)	53,453
Core Investment Programme	4,826	4,002	(824)	73,406
New Build Programme	3,925	5,957	2,032	96,789
Other fixed assets	763	1,061	298	17,146
Total Capital Investment Expenditure	**9,514**	**11,020**	**1,506**	**187,341**
NET CAPITAL INVESTMENT SPEND	**(9,458)**	**(9,124)**	**(334)**	**(133,888)**

Key highlights year to date:

The Group operating surplus for the period ended 30 April was £7,910k which is £4,985k favourable to budget. At the statutory surplus level, a surplus of £2,917k is reported showing a favourable variance of £5,426k to budget. The variance to budget is driven by higher grant income on new build completions in WH Glasgow and Loretto delayed from 2021/22 together with savings across a number of expenditure lines primarily at this stage due to budget phasing.

Total income of £33,261k is £4,086k favourable to budget.

- Net rental income is £213k favourable to budget across the RSLs. Rent loss on voids is lower than budget across all RSLs and Lowther driving the favourable variance.
- Grant income recognised in April is for new build properties where completion had been delayed in 2021/22. Grant recognised relates to 36 units completed in WH Glasgow (18 SR and 18 MMR) and 4 units in Loretto (SR).
- Other income is £29k lower than budget at April 2022 and includes medical adaptation grants claimed in 2022/23 which related to spend in 2021/22 offset by lower levels of income from owners for factoring services, with lower costs of providing services included in repairs & maintenance below.

Total expenditure of £25,351k is £899k favourable to budget:

- Staff costs are £150k lower than budget mainly driven by a favourable variance in employee care contract costs from budget in Wheatley care. This relates to a number of services operating with staff vacancies against budget.
- ERVR costs are £37k higher linked to one 2022/23 leaver in DGHP agreed in April 2022, associated staff cost savings will go towards the 2022/23 business plan efficiency target.
- Running costs (direct and group services) are £426k favourable to budget with the variance largely linked to the timing of expenditure against budget phasing and lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance expenditure is £89k favourable to budget. The higher than budgeted levels of responsive repairs in the RSLs due work progressing to reduce the time taken to complete non emergency repairs is offset by lower levels of internal repairs (optional services) in factoring services.
- Bad debts are £273k favourable to budget across the Group with a prudent provision set aside for increases in arrears.

Net interest payable is £441k lower than budget linked to lower loan balances crawn at 1 April than assumed in the budget.

Net capital expenditure of £9,458k is £334k unfavourable to budget.

- Capital investment income relates to the cash receipt of new build grants and is £1,840k lower than budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Total Core investment spend is £824k higher than budget driven by higher spend in WH Glasgow across adaptations and capitalised voids and repairs.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across a number of sites for WLHP including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin, Wallyford and Westcraigs.

Wheatley Group Financial Report
To 30 April 2022 (Period 1)

RSL Borrower Group

2a) RSL Borrower Group – Year to P1

	Period to 30 April 2022			Full Year Budget £'000
	ACT £'000	BUD £'000	VAR £'000	
INCOME				
Net Rental Income	24,566	24,366	200	295,180
Grant income	3,911	9	3,902	40,039
Other Income	1,192	1,120	72	15,374
Total Income	**29,669**	**25,495**	**4,174**	**350,593**
EXPENDITURE				
Employee Costs	5,483	5,529	46	66,212
ER/VR	37	-	(37)	5,150
Running Costs	2,718	3,041	324	34,955
Repairs & Maintenance	4,594	4,564	(30)	58,396
Bad debts	231	481	250	5,821
Depreciation	9,144	9,144	-	109,624
Demolition Programme	103	101	(2)	2,205
Total Expenditure	**22,309**	**22,860**	**552**	**282,363**
NET OPERATING SURPLUS	**7,360**	**2,635**	**4,725**	**68,230**
		10.3%		19.5%
Net interest payable	(4,756)	(5,197)	441	(62,609)
STATUTORY SURPLUS/(DEFICIT)	**2,604**	**(2,562)**	**5,166**	**5,621**
INVESTMENT				
Total Capital Investment Income	56	1,896	(1,840)	49,260
Core Investment Programme	4,822	3,994	(828)	72,598
New Build Programme	3,925	5,957	2,032	90,929
Other fixed assets	763	1,061	298	16,986
Total Capital Investment Expenditure	9,510	11,012	1,502	180,513
NET CAPITAL INVESTMENT SPEND	**(9,454)**	**(9,116)**	**(338)**	**(131,253)**

Key highlights year to date:

Following the finalisation of agreements with lenders, DGHP was admitted to the RSL Borrower Group on 1 April 2022. The changes to our funding agreements will increase WFL1's borrowing capacity allowing us to implement a more ambitious regeneration and development plan. The results for the RSL Borrower Group reflects DGHP's accession to the RSL Borrower Group from 1 April 2022.

The operating surplus to 30 April is £7,360k, £4,725k favourable to budget. At the statutory surplus level, a surplus of £2,604k is reported showing a favourable variance of £5,166k compared to the budget. The variance to budget is driven by higher grant income on new build completions in WH Glasgow and Loretto from the delayed completions in 2021/22 together with savings across a number of expenditure lines primarily at this stage due to budget phasing.

Total income of £29,669k is £4,174k favourable to budget:

- Net rental income is £200k favourable to budget across the RSLs. Rent loss on voids is lower than budget across all RSLs driving the favourable variance.
- Grant income recognised in April is for new build properties where completion had been delayed in 2021/22. Grant recognised relates to 36 units completed in WH Glasgow (18 SR and 18 MMR) and 4 units in Loretto (SR).
- Other income is £72k higher than budget and includes medical adaptation grants claimed in 2022/23 which related to spend in 2021/22.

Total expenditure of £22,309k is £552k favourable to budget:

- ERVR costs are £37k higher linked to one 2022/23 leaver in DGHP agreed in April 2022, associated staff cost savings will go towards the 2022/23 business plan efficiency target.
- Running costs are £324k favourable to budget. This is mainly due to lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £30k unfavourable to budget. Responsive repairs are running higher than budget due work progressing to reduce the time taken to complete non emergency repairs and increasing number of new jobs coming through the Customer First Centre.
- Bad debts are £250k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears.

Interest payable represents the interest due on the loans due to Wheatley Funding Ltd 1 and is £441k favourable to budget due to a lower opening loan balance with WFL1 at 1 April 2022.

Net capital expenditure is £338k higher than budget.

- Capital investment income relates to the cash receipt of new build grants and is £1,840k below budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Total Core investment spend is £828k higher than budget driven by higher spend in WH Glasgow across adaptations and capitalised voids and repairs.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across a number of sites for WLHP including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin, Wallyford and Westcraigs.

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

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

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

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

In the April 2022, an underlying surplus of £3,015k has been generated which is £436k favourable to budget. The variance is driven by the lower levels of rental voids, revenue expenditure and interest costs against budget offset in part by core programme investment spend on adaptations and voids.

Borrower Group Underlying Surplus - April 2022	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	7,360	2,635	4,725	68,230
add back:				
Depreciation	9,144	9,144	0	109,624
less:				
Grant income	(3,911)	(9)	(3,902)	(40,039)
Net interest payable	(4,756)	(5,197)	441	(62,609)
Total expenditure on Core Programme	(4,822)	(3,994)	(828)	(72,598)
Underlying surplus	**3,015**	**2,579**	**436**	**2,608**

2c) Wheatley Homes Glasgow – Year to date

	Period to 30 April 2022			Full Year
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	Budget £ks
INCOME				
Rental Income	£16,749	£16,710	£38	£203,455
Void Losses	(£173)	(£254)	£81	(£3,097)
Net Rental Income	**£16,576**	**£16,456**	**£120**	**£200,358**
Grant Income	£3,574	£0	£3,574	£7,269
Other Income	£835	£811	£24	£10,653
Total Income	**£20,985**	**£17,267**	**£3,718**	**£218,279**
EXPENDITURE				
Employee Costs - Direct	£2,845	£2,935	£90	£35,196
Employee Costs - Group Services	£1,277	£1,278	£1	£15,397
ER / VR	£0	£0	£0	£4,408
Direct Running Costs	£1,097	£1,178	£81	£14,183
Running Costs - Group Services	£625	£822	£197	£9,745
Revenue Repairs and Maintenance	£3,032	£2,936	(£96)	£40,294
Bad debts	£157	£338	£181	£4,114
Depreciation	£6,278	£6,278	£0	£75,334
Demolition and Tenants Compensation	£103	£101	(£2)	£1,517
TOTAL EXPENDITURE	**£15,413**	**£15,866**	**£452**	**£200,188**
NET OPERATING SURPLUS / (DEFICIT)	**£5,571**	**£1,401**	**£4,170**	**£18,091**
Net operating margin	*26.5%*	*8.1%*	*18.4%*	*8.3%*
Net interest payable & similar charges	(£3,268)	(£3,654)	£385	(£46,257)
STATUTORY SURPLUS / (DEFICIT)	**£2,303**	**(£2,252)**	**£4,555**	**(£28,166)**

INVESTMENT	Period to 30 April 2022			Full Year
	Actual	Budget	Variance	Budget
Total Capital Investment Income	**£0**	**£0**	**£0**	**£10,711**
Total Expenditure on Core Programme	£3,470	£2,833	(£637)	£44,287
New Build & other investment expenditure	£1,585	£1,774	£190	£25,748
Other Capital Expenditure	£428	£814	£387	£10,093
TOTAL CAPITAL EXPENDITURE	**£5,483**	**£5,422**	**(£61)**	**£80,128**
NET CAPITAL EXPENDITURE	**£5,483**	**£5,422**	**(£61)**	**£69,417**

Wheatley Homes Glasgow

Key highlights year to date:

Net operating surplus £5,571k is £4,170k favourable to budget. Statutory surplus for the period to 30 April is £2,303k, which is £4,555k favourable to budget. The main driver of the variance is grant income recognised in April.

- Net rental income of £16,576k is £120k higher than budget at the end of P1. Void losses are £81k lower than budget and represent a 1.03% void loss rate compared to the budgeted rate of 1.5%.
- Grant income recognised in the year relates to 36 units completed in April; 18 social rent units at Damshot and 18 MMR units at Hurlford, both delayed from 2021/22.
- Total employee costs (direct and group services) are £91k favourable to budget.
- Total running costs (direct and group services) are £452k favourable to budget. This is mainly due to lower than budgeted group recharges. A number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance is £96k unfavourable to budget. Responsive repairs are £47k higher than budget in the month with additional provision set aside in the first quarter to reduce the time to complete non emergency jobs. A forecast of the full year expectations of underlying repairs demand will be completed at the end of the first quarter.
- Revenue demolition costs relate to Wyndford and are in line with budget.
- Gross interest payable of £3,268k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £385k lower than budget due to a lower opening loan balance with WFL 1 compared to financial projections.
- Net capital expenditure of £5,483k is £61k higher than budget. The variance is driven by the higher level of spend in the Investment programme and lower grant income received than budgeted.
- Investment programme spend is £637k unfavourable to budget, driven by higher spend in adaptations (£259k higher) and capitalised voids (£223k higher) and capitalised repairs (£135k higher).
- New build spend is £190k lower than following reduced spend across projects at Watson, Shawbridge Arcade and Calton. Capital investment income relates to the cash receipt of new build grant and is linked to the delays in the timing of the new build programme.
- Other capital expenditure of £428k is £387k lower than budget. Other capital spend includes IT capital projects.

2d) Loretto Housing – Year to date

	Period To 30 April 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	1,199	1,194	6	14,823
Void Losses	(22)	(39)	18	(478)
Net Rental Income	**1,178**	**1,154**	**23**	**14,345**
Other Income	**26**	**26**	**(0)**	**315**
Grant Income	**337**	**9**	**328**	**18,875**
Total Income	**1,541**	**1,190**	**351**	**33,535**
EXPENDITURE				
Employee Costs - Direct	119	115	(4)	1,384
Employee Costs - Group Services	50	50	(0)	596
ER / VR	0	0	0	185
Direct Running Costs	187	204	16	1,812
Running Costs - Group Services	24	32	8	385
Revenue Repairs and Maintenance	184	210	26	2,569
Bad debts	13	33	19	394
Depreciation	610	610	0	7,320
TOTAL EXPENDITURE	**1,188**	**1,254**	**66**	**14,645**
OPERATING SURPLUS / (DEFICIT)	**353**	**(64)**	**417**	**18,890**
Interest Payable	(260)	(279)	19	(3,320)
STATUTORY SURPLUS / (DEFICIT)	**93**	**(343)**	**436**	**15,571**

	Period To 30 April 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**16**	**118**	**(102)**	**8,088**
Investment Works	109	111	2	5,339
New Build	864	793	(71)	14,115
Other Capital Expenditure	18	28	10	434
TOTAL CAPITAL EXPENDITURE	**991**	**931**	**(60)**	**19,888**
NET CAPITAL EXPENDITURE	**975**	**813**	**(162)**	**11,800**

Loretto Housing

Key highlights year to date:

Net operating surplus of £353k is £417k favourable to budget. Statutory surplus for the year is £93k, £436k favourable to budget. The main driver of the favourable variance is grant income for new build completions.

- Gross rental income of £1,199k is £6k favourable to budget.
- Void losses in the year to date are 1.8% against a budget of 3.31%.
- Grant income relates to medical adaptations and the release of grant for New Build completions; grant has been released for 4 new build unit at Dargavel which were delayed from 2021/22, noting that no new build grant income was budgeted for April.
- Employee costs are £4k unfavourable to budget, following a revision to the Customer First Centre allocation. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £16k favourable to budget, with most budget lines currently showing underspends due to timing of spend compared to the budget. Group running costs are £24k for April.
- Revenue repairs and maintenance expenditure is £26k favourable to budget due to underspends across all lines, due to the timing of the programme.
- Bad debts are £19k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £260k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £19k lower than budget.

The net capital position of £975k is £162k unfavourable to budget. This is due to the timing of new build spend and grant receipts. Grant of £109k has been budgeted for Main St Maddiston; the site start date is now September and the full grant is expected to be claimed later in the year.

- Investment works expenditure of £109k mainly relates to core programme works, capitalised repairs and voids.
- New build expenditure of £864k, is £71k higher than budget and relates mainly to 3 ongoing sites – Hallrule, Dargavel, and Queens Quay.
- Other capital expenditure of £18k relates to the Loretto contribution to Wheatley Group IT investment. The full year budget includes £100k for office refurb and conversion of housing properties previously used as offices by Wheatley Care.

2e) West Lothian Housing Partnership – Year to date

WEST LOTHIAN Housing Partnership

	Year to 30 April 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	344	382	(38)	4,651
Void Losses	(5)	(5)	0	(62)
Net Rental Income	**339**	**377**	**(38)**	**4,589**
Other Income	24	0	24	131
Grant Income Recognised in the Year	0	0	0	3,860
TOTAL INCOME	**363**	**377**	**(14)**	**8,580**
EXPENDITURE				
Employee Costs - Direct	40	42	2	501
Employee Costs - Group Services	7	7	0	87
ER/VR	0	0	0	93
Direct Running Costs	48	50	2	411
Running Costs - Group Services	4	4	0	56
Revenue Repairs and Maintenance	70	60	(10)	733
Bad Debts	2	6	4	68
Depreciation	184	184	0	2,354
TOTAL EXPENDITURE	**355**	**353**	**(2)**	**4,302**
NET OPERATING SURPLUS / (DEFICIT)	**8**	**24**	**(16)**	**4,278**
Net Operating Margin	*2%*	*6%*	*-4%*	*50%*
Interest receivable	0	0	(0)	1
Interest payable	(95)	(102)	7	(1,362)
STATUTORY SURPLUS / (DEFICIT)	**(87)**	**(78)**	**(9)**	**2,916**

	Year to 30 April 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	**23**	**450**	**(427)**	**8,578**
Total Expenditure on Core Programme	61	33	(28)	581
New Build & Other Investment	475	1,092	617	11,964
Other Capital Expenditure	10	7	(3)	79
TOTAL CAPITAL EXPENDITURE	**546**	**1,131**	**585**	**12,624**
NET CAPITAL EXPENDITURE	**523**	**681**	**158**	**4,046**

Key highlights year to date:

Net operating surplus of £8k is £16k adverse to budget. Statutory deficit for the period to 30 April 2022 is £87k, £9k adverse to budget. The main driver being a reduction in rental income against budget.

Total income of £363k is £14k unfavourable to budget:

- Net rental income is £38k adverse to budget primarily due to delayed handovers at Almondvale in 2021/22 resulting in lower than budgeted rental income.
- Other income of £24k relates to medical adaptation grant claimed in 22/23 which related to spend in 21/22.

Total expenditure of £355k is £2k adverse to budget driven by higher revenue repairs and maintenance costs which are reporting an overspend in reactive repairs arising from increased customer demand in the period.

Gross interest payable of £95k represents interest due to Wheatley Funding No.1 Ltd. Costs and are £7k lower than budget due to a lower opening loan balance with WFL 1 compared to financial projections.

Net capital expenditure of £523k is £158k lower than budget. The variance is driven by the lower level of spend in the new build programme offset by lower grant claims in the period.

- Core investment expenditure of £61k is £28k higher than budget due to higher capitalised repairs linked to air source heat pumps at Barracks View.
- New Build expenditure of £475k is £617k lower than budget driven by lower spend at a number of sites including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site.

2f) Dunedin Canmore – Year to date

	Year to 30 April 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	2,659	2,605	54	31,882
Void Losses	(46)	(43)	(3)	(524)
Net Rental Income	**2,613**	**2,562**	**51**	**31,357**
Grant Income Recognised in the Year	0	0	0	6,411
Other Income	282	250	32	3,265
TOTAL INCOME	**2,895**	**2,812**	**83**	**41,034**
EXPENDITURE				
Employee Costs - Direct	384	354	(30)	4,244
Employee Costs - Group Services	172	172	0	2,065
ER/VR	0	0	0	464
Direct Running Costs	395	393	(2)	3,782
Running Costs - Group Services	85	111	27	1,334
Revenue Repairs and Maintenance	337	367	30	4,639
Bad Debts	29	25	(4)	302
Depreciation	935	935	0	10,967
TOTAL EXPENDITURE	**2,336**	**2,357**	**21**	**27,796**
NET OPERATING SURPLUS / (DEFICIT)	**559**	**455**	**104**	**13,237**
Net Operating Margin	*19%*	*16%*	*3%*	*32%*
Interest receivable	0	1	(0)	6
Interest payable	(513)	(542)	29	(6,496)
STATUTORY SURPLUS / (DEFICIT)	**46**	**(86)**	**133**	**6,748**

	Year to 30 April 2022 Actual £ks	Budget £ks	Variance £ks	
INVESTMENT				
Total Capital Investment Income	**17**	**1,328**	**(1,311)**	**16,832**
Total Expenditure on Core Programme	630	468	(162)	5,617
New Build & Other Investment	504	1,706	1,202	29,711
Other Capital Expenditure	223	122	(101)	1,464
TOTAL CAPITAL EXPENDITURE	**1,357**	**2,296**	**939**	**36,792**
NET CAPITAL EXPENDITURE	**1,340**	**968**	**(372)**	**19,960**

Key highlights year to date:

Net operating surplus of £559k is £104k favourable to budget. Statutory surplus for the period to 30 April is £46k, £133k favourable to budget. The main driver of the variance is income and interest payable both being favourable to budget.

Total income is £83k favourable to budget:

- Gross rent is £54k favourable to budget driven by higher than budgeted service charge income. Void losses are £3k higher than budget.
- Other Income is £32k favourable to budget due to medical adapt grant received in 22/23 relating to spend in 21/22 as well as the workshop reporting a small surplus of £7k, which is £18k favourable to budget.

Total expenditure is £21k favourable to budget:

- Total employee costs (direct and group services) are £30k adverse variance to budget, due to cover for maternity leave, as well phasing of budget relating to working from home allowance. Group services employee costs are in line with budget.
- Total running costs (direct and group services) are £25k favourable to budget. This is attributable to underspend on group services running costs recharge where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance costs are £30k favourable to budget due to underspend on cyclical works. Cyclical works are expected to be fully spent as the year continues.

Gross interest payable of £513k represents interest due to Wheatley Funding No.1 Ltd. Costs and are £29k lower than budget due to a lower opening loan balance with WFL1 compared to financial projections.

Net capital expenditure of £1,340k is £372k higher than budget:

- Capital investment income relates to the cash receipt of new build and medical adaptation grants and is £1,311k lower than budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Investment programme spend is £162k higher than budget due to higher than profile capitalised repairs, window and heating projects ahead of programme.
- New build spend of £504k is £1,202k lower than budget due to an underspend at Penicuik (£0.6m), Roslin (£0.2m), Wallyford (£0.2m) and Westcraigs (£0.2m).

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

OPERATING STATEMENT	Year to April 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	3,880	3,872	8	45,184
Void Losses	(19)	(56)	37	(654)
Net Rental Income	**3,861**	**3,816**	**45**	**44,529**
Grant Income	-	-	-	3,624
Other Income	155	159	(4)	2,741
TOTAL INCOME	**4,016**	**3,976**	**40**	**50,894**
EXPENDITURE				
Employee Costs - Direct	431	426	(5)	4,933
Employee Costs - Group Services	234	233	(1)	2,807
ER/VR	37	-	(37)	-
Direct Running Costs	185	186	1	2,529
Running Costs - Group Services	115	153	38	1,813
Revenue Repairs and Maintenance	979	980	1	10,248
Bad debts	30	79	49	943
Depreciation	1,137	1,137	-	13,649
Demolition	-	-	-	688
TOTAL EXPENDITURE	**3,148**	**3,193**	**45**	**37,608**
NET OPERATING SURPLUS	**868**	**783**	**85**	**13,286**
Net operating margin	*22%*	*20%*	*2%*	*26%*
Interest Receivable and similar income	12	3	9	33
Net Interest payable & similar charges	(632)	(624)	(7)	(5,213)
STATUTORY SURPLUS	**248**	**161**	**86**	**8,106**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	-	-	-	5,063
Core Programme	552	549	(3)	16,775
New Build Programme	497	592	95	9,391
Other Fixed Assets	84	90	6	4,916
TOTAL CAPITAL INVESTMENT EXPENDITURE	**1,133**	**1,231**	**98**	**31,082**
NET CAPITAL EXPENDITURE	**1,133**	**1,231**	**98**	**26,019**

Key highlights year to date :

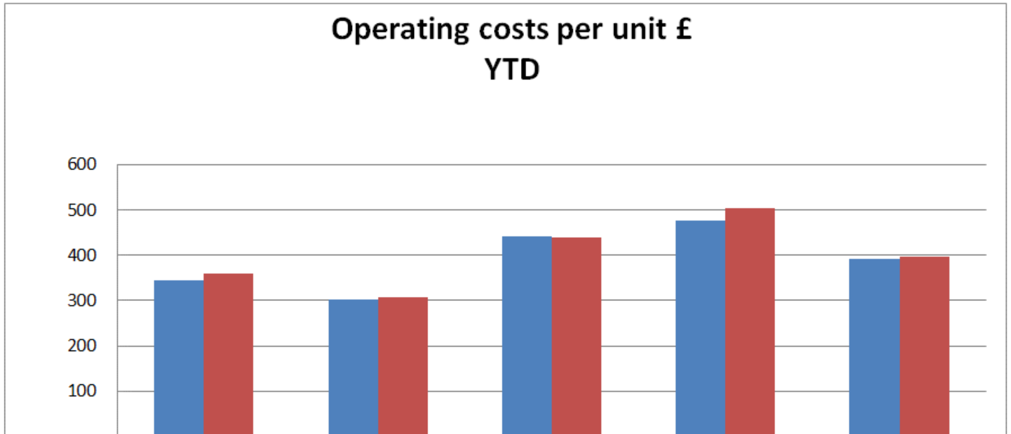
Net operating surplus of £868k is £85k favourable to budget. Statutory surplus for the month of £248k, is £86k favourable to budget. The key drivers of the variance are higher net rental income driven by lower than budgeted voids coupled with lower than budgeted expenditure.

- Net Rental income is £45k favourable to budget. YTD Void losses are £37k lower than budget and represent a 0.49% void loss rate compared to the budgeted rate of 1.45%.
- Employee costs are £6k ahead of budget between direct and group services due to budget phasing and the timing of the claim for the annual home working allowance. Employees recharged from Group Services are for DGHP's share of Wheatley Solutions staff.
- ER/VR costs are £37k ahead of budget following the commitment of one member of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Total running costs (direct and group services) are £39k favourable to budget. This is mainly due to lower than budgeted group recharges. A number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Repairs costs of £979k are overall in line with budget with savings due to the timing of spend on compliance, gas servicing and landscaping/cyclical maintenance offset by higher spend on reactive repairs.

Net capital expenditure of £1,133k is £98k lower than budget. The variance is driven by the lower level of spend in the new build programme.

- Total core investment spend of £552k is £3k higher than budget with aids and adaptations £4k over budget due to work on one property being more complex than expected.
- New Build expenditure is £95k lower than budget driven primarily by delayed spend at Nursery Avenue (£82k) and Eastriggs (£21k).
- Other capital expenditure of £84k is £6k lower than budget. Other capital spend includes DGHP share of IT costs for April 2022.

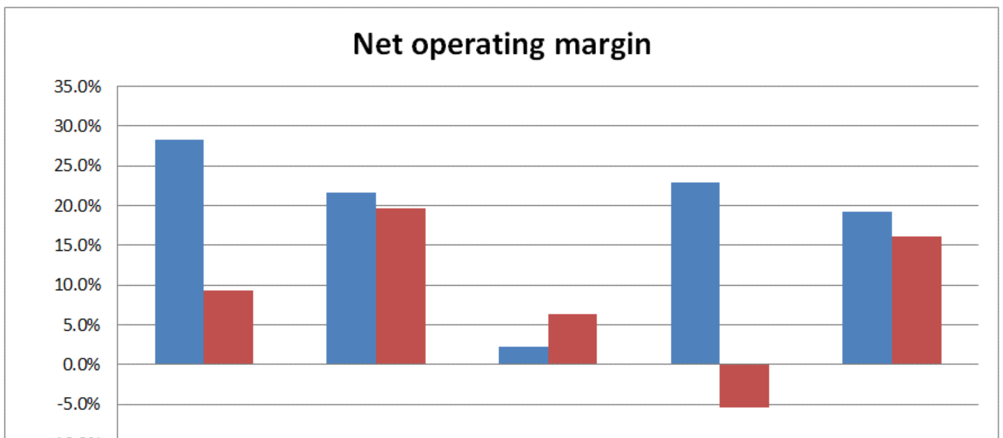
3) Summary of RSL operating costs and margin v budget



	WH-Glasgow	DGHP	WLHP	LHA	DCH
Actual	346	303	442	476	392
Budget	360	307	439	503	396

Operating costs per unit:

- At period 1 all RSL operating costs per unit are broadly in line with or favourable to budget with the exception of West Lothian where operating costs are £2k higher driven by higher repairs costs.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.



	WH-Glasgow	DGHP	WLHP	LHA	DCH
Actual	28.4%	21.6%	2.2%	22.9%	19.3%
Budget	9.3%	19.6%	6.4%	-5.4%	16.2%

Net operating margin:

- Net operating margin is favourable to budget in all RSLs at the end of April. In WH Glasgow and Loretto, the favourable variance is driven by grant income recognised in April on units delayed from 2021/22. In addition similar to operating costs, favourable variances across expenditure lines is contributing to the higher margins in the RSLs.

Wheatley Group Financial Report
To 30 April 2022 (Period 1)

Care and Commercial

4a) Wheatley Care – Year to date

WHEATLEY CARE - COMPANY	Year 30 April 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Care Projects	1,684	1,760	(76)	21,113
COVID 19 PPE Reclaim Income	-	-	-	-
Head Office	10	10	-	119
TOTAL INCOME	**1,694**	**1,770**	**(76)**	**21,232**
CARE CONTRACT COSTS				
Employee Costs - Care Contracts	1,281	1,394	113	16,634
Running Costs - Care Contracts	194	201	7	2,396
TOTAL CARE CONTRACT COSTS	**1,475**	**1,595**	**120**	**19,030**
EXPENDITURE				
Employee Costs - Head Office	114	108	(6)	1,288
Employee Costs - Group Services	16	15	(1)	186
ER/VR	-	-	-	-
Head Office Running Costs	14	18	4	206
Running Costs - Group Services	8	10	2	120
Group recharges - PPE	12	-	(12)	-
Group recharges - IT	5	5		63
Management fee payable to LHA	17	17	-	207
TOTAL EXPENDITURE	**186**	**173**	**(13)**	**2,070**
SURPLUS/(DEFICIT)	**33**	**2**	**31**	**132**

Key highlights to date:

Net operating surplus of £33k is £31k favourable to budget for the period to April 2022. Total income is £76k adverse to budget but offset by lower employee costs. Unbudgeted PPE costs of £12k are reported, incurred as a response to Covid19.

- Total Care Project income of £1,684k is £76k adverse to budget. In total, external services are £48k adverse to budget but there are notable variances for specific services within this:
  - Glasgow Mental Health, Glasgow SDS, North Lanarkshire SDS and Edinburgh SDS services are reporting adverse income to budget of £22k, £4k, £34k and £14k respectively. This is due to the nature of these SDS services with fewer hours being delivered against budget. Staffing has been adjusted to reflect the hours being delivered in order to mitigate the impact.
  - Uplifts were announced to cover the payment of £10.50/hr to living wage staff from 1 April, and the budget reflects this income uplift for all applicable services. Confirmation of uplift has been received from local authorities and applied to April income, with the exception of: Stirling Youth Housing Support, all Falkirk services, Carlisle Road Outreach and Accommodation services, and Edinburgh SDS and HST. We are awaiting confirmation that these services will receive an uplift from local authorities and have not accrued in the uplift in order to be prudent.

- Employee Costs – Care Contracts expenditure of £1,281k is £113k favourable to budget. The staff cost saving relates to a number of services operating with staff vacancies against budget, inclusive of TSS. Staff savings are largely linked to fewer hours being delivered at services, with staffing levels being monitored monthly and adjusted to meet individual service needs. The Glasgow, Falkirk & TSS services are the main contributors to the year to date underspend with favourable variances against budget of £23k, £15k & £30k respectively.

- Running Costs – Care Contract costs of £194k are broadly in line with budget, £7k favourable. Included within this are costs for utilities, cleaning and telephone costs.

- Employee Costs – Head Office expenditure of £114k is £6k adverse to budget. This is due to the timing of an employee role change and will not continue further into the financial year.

- Head Office Running Costs of £14k are in line with budget, £4k favourable.

- Group recharges – PPE unbudgeted costs total £12k. Claims have been submitted to local authorities and the position will remain under review.

4b) Lowther – Year to date

[redacted[]

5) Wheatley Solutions – Year to date

	Apr 2022 Actual £ks	Apr 2022 Budget £ks	Apr 2022 Variance £ks	Full Year Budget £ks
EXPENDITURE				
Employee costs				
Executive Team	117	118	1	1,438
Employee Relations and WFP	185	174	(11)	2,114
Marketing and Communications	59	61	2	747
Assurance	57	57	0	688
Academy	49	49	0	601
Finance	285	287	2	3,490
Company Secretary	78	80	2	978
Information Technology	121	125	4	1,517
Litigation	62	67	5	818
Customer First Centre	691	695	5	8,251
Property	69	71	2	868
Wheatley 360	31	32	1	386
Total employee costs	1,793	1,807	14	21,772
Running costs				
Executive Team	11	22	11	265
Employee Relations and WFP	47	85	38	1,019
Marketing and Communications	7	34	27	412
Assurance	0	7	7	86
Academy	5	48	43	573
Finance	58	72	14	864
Company Secretary	2	69	67	833
Information Technology	575	539	(36)	6,337
Litigation	15	28	13	334
Customer First Centre	0	28	27	333
Property	111	139	28	1,670
Wheatley 360	0	2	2	20
Total running costs	896	1,169	273	13,862
Regulated insurance activities	286	301	15	3,609
Head office costs	149	149	0	1,789
TOTAL EXPENDITURE	**3,124**	**3,425**	**301**	**41,032**

Key highlights year to date:

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

Overall, Wheatley Solutions reports total expenditure of £3,124k. This is £301k lower than budget for the period with lower running costs being the key reason for this variance.

- Employee costs of £1,793k are £14k favourable to budget for the month.
  - The small variances to budget relate to timing of staff claiming annual working from home allowance. Employee Relations is higher than budget as a result of change to their budgeted structure.
- Running costs of £896k are favourable to budget by £273k for the period. The key variances within this are:
  - A number of the departments report lower costs across Wheatley Solutions. Reduced activity in Academy, Company Secretary (customer consultation) and Employee Relations (lower health and wellbeing claims) are the areas contributing most to savings against budget.
  - IT reports spend that is £36k higher than budget. This is expected to be a timing variance only as it is linked to new support and maintenance contracts moving from being funded by IT capital to revenue following completion of projects in 2021/22 financial year.
- Regulated insurance activities, both income and expenditure, are slightly below budget for the month of April.

6) Wheatley Foundation – Year to date

	April 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Donations from Wheatley subsidiaries	389	389	0	4,118
Employability Grants	0	0	0	80
External income	108	14	94	1,478
Total Income	**497**	**403**	**94**	**5,676**
EXPENDITURE				
Overheads	93	98	5	1,220
Tackling Poverty & Social Inclusion	92	145	53	1,548
Education	0	0	0	210
Digital Inclusion	0	0	0	66
Employability	21	43	22	883
Sports / Arts	0	0	0	21
Money/Welfare Benefits advice	158	158	0	1,818
TOTAL EXPENDITURE	**364**	**444**	**80**	**5,766**
NET OPERATING SURPLUS / (DEFICIT)	**133**	**(41)**	**174**	**(89)**

Key highlights to date:

The table presents the financial performance of Wheatley Foundation for the first month of the 2022/23 financial year. The Wheatley Foundation reports a surplus of £133k for the period. This is better than budget by £174k.

Income of £497k is reported which is £94k higher than budget.

- Donations from Wheatley group subsidiaries total £389k, in line with budget.
- External income of £108k is £94k higher than budget. This is as a result of two community benefit donations from the new build development framework.

Expenditure of £364k is £80k lower than budgeted.

- Overhead costs of £93k are £5k lower than budget due to savings in Foundation staffing costs.
- Tackling Poverty & Social Inclusion spend of £92k is reported against a budget of £145k. The main project spend for the period relates to:
    - Helping Hand Fund spend of £21k. This is £36k lower than budgeted for the period.
    - Home Comforts spend of £12k.
    - Eat Well £23k. This covers the costs of providing supermarket vouchers to those referred by Wheatley Group subsidiaries.
    - No spend for the month on Better Lives, resulting in a favourable variance to budget of £17k.
- Employability expenditure of £21k is £22k lower than budget. The key items of expenditure for the period relate to £10k for the ESF Way Ahead programme and Wheatley Works costs of £11k.
- Money advice team costs of £158k represent a fixed donation to Wheatley RSLs towards the costs of providing this service across the Group and are in line with budget.
- Sports and Arts, Education and Digital Inclusion themes report no spend for April in line with budget phasing.

7) City Building (Glasgow) LLP – Year to 31 March 2022

[redacted]

8) Wheatley Group – Consolidated Balance Sheet

	As at 30 April 2022 £ks	As at 31 March 2022 £ks
Fixed Assets		
Social Housing Properties	2,586,571	2,562,996
Other tangible fixed assets	71,838	70,527
Investment properties	236,452	236,891
Investments -other	116	116
Fixed Assets	**2,894,977**	**2,870,530**
Debtors Due More Than One Year		
Development Agreement	0	0
Inter Company Loan	0	0
Pension Asset	5,843	5,843
Current Assets		
Stock	2,282	1,525
Trade debtors	2,430	502
Rent & Service charge arrears	12,798	22,999
less: Provision for rent arrears	(9,070)	(8,873)
Prepayments and accrued income	6,225	10,212
Intercompany debtors	(0)	0
Other debtors	16,050	23,601
	30,715	**49,966**
Bank & Cash	75,864	64,093
Current Assets	**106,579**	**114,060**
Current Liabilities		
Trade Liabilities	(6,799)	(6,847)
Accruals	(43,610)	(39,517)
Deferred income	(69,915)	(60,413)
Rents & service charges in advance	(13,982)	(12,522)
Intercompany creditors	(0)	(0)
Other creditors	(15,340)	(14,058)
	(149,647)	**(133,357)**
Net Current Assets	**(43,068)**	**(19,298)**
Long Term Liabilities		
Contingent efficiencies grant	(46,764)	(42,536)
Bank finance	(1,215,278)	(1,212,934)
Bond finance	(296,735)	(296,735)
Development Agreement	0	0
Provisions	(5,468)	(5,468)
Deferred income	(32,478)	(41,290)
Intercompany creditors	0	0
Pension liability	(11,228)	(11,228)
Long Term Liabilities	**(1,607,951)**	**(1,610,191)**
Net Assets	**1,249,801**	**1,246,884**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	699,388	670,828
Income & Expenditure	2,917	28,560
Revaluation Reserves	547,496	547,496
Funding Employed	**1,249,801**	**1,246,884**

Key highlights:

- The balance sheet at 30 April 2022 is shown against the 31 March 2022 year end position which is still subject to final audit and year end statutory adjustments, including the revaluation of both housing and investment properties, actuarial valuation of the defined benefit pension scheme and the fair value of the Scottish Government loan.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date.
- Group net assets are £1,249.8m at 30 April 2022.
- Current assets (excluding cash) are £19.2m lower than the year end position mainly driven by the reduction in rent and service charge arrears from the 2021/22 year end. The March 2022 housing benefit payment from GCC was not received until 1 April 2022.
- Current liabilities are £16.2m higher than the year end position, with deferred income movement between current and long term liabilities contributing to the increase together with an increase in accruals across the subsidiaries.
- Income and expenditure of £2.9m relates to the group surplus for the year to date.

Research Update:

Scotland-Based Wheatley Housing Group Ltd. 'A+' Rating Affirmed; Outlook Remains Stable

May 23, 2022

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Overview

- We forecast that Wheatley Housing Group's (Wheatley) focus on traditional activities and prudent cost management will help contain inflationary pressures and risks associated with increasing investment needs.
- We think the gradual improvement in EBITDA, combined with favorable cost of debt, will help the group maintain solid interest coverage.
- We affirmed our 'A+' long-term issuer credit ratings on Wheatley and its subsidiary, The Glasgow Housing Association Ltd. (Glasgow Housing). We also affirmed our 'A' long-term issuer credit rating on Lowther Homes Ltd., Wheatley's commercial arm. The outlook remains stable.

Rating Action

On May 23, 2022, S&P Global Ratings affirmed its 'A+' long-term issuer credit ratings on Wheatley and core group entity Glasgow Housing.

At the same time, we affirmed our 'A+' issue rating on the £300 million bond issued by Wheatley Group Capital PLC, which we consider a core subsidiary of the group.

We also affirmed our 'A' long-term issuer credit rating on Lowther Homes. Lowther Homes is Wheatley's commercial arm, providing mid-market homes and property management services. The rating on Lowther is one notch lower than the rating on Wheatley, reflecting Lowther's status as a highly strategic entity within the group.

The outlooks on Wheatley, Glasgow Housing, and Lowther Homes remain stable.

Outlook

The stable outlook reflects our view that Wheatley's financial metrics will continue to have sufficient headroom to cope with challenges in relation to rising costs and increasing investment in existing stock.

Downside scenario

We could lower the rating on Wheatley if we saw a significant deterioration in the group's S&P Global Ratings-adjusted EBITDA margins due to higher costs than we currently anticipate over our base-case period. We could also lower the rating if the debt-funded spending on development increased materially beyond our projections and liquidity weakened on a sustained basis.

Upside scenario

We could raise the rating on Wheatley if management's efforts to control costs or additional grant funding resulted in EBITDA margins improving materially above our current projections, supporting a strengthening of the group's debt metrics.

We could also raise the rating if we thought Wheatley's role and link with the Scottish government had strengthened, implying a higher likelihood of extraordinary support.

Rationale

The rating affirmation reflects our view that the group's financial metrics will remain relatively resilient despite a weakening operating environment. The focus on core social housing activities, ability to raise rents on the expanding asset base, and the group's ability to prudently manage rising costs will gradually offset the risks associated with increasing investment needs. The improving margins, lower debt intake in comparison to our previous review, and interest cost savings will keep the debt build up at contained levels. We continue to assess Wheatley's liquidity coverage as very strong.

Wheatley, the largest housing association in Scotland, has an asset base of close to 65,000 units, of which more than 90% are for general needs rent. The group's geographical footprint stretches from the central belt of Scotland between Glasgow and Edinburgh to the south of Scotland near the English border. We think the group's relatively low general needs rent, which we estimate to be just under 60% of the Scotland's average market rent, reflects strong affordability levels supporting high demand for Wheatley's properties. This high demand is also demonstrated by vacancy rates of 1.1% on average over the past three years, which we estimate to be slightly below the sector's average.

Wheatley's strategy remains prudent and continues to focus on growing organically, with all development planned to include only affordable and mid-market homes. Although not classified as social tenure in Scotland, mid-market homes are a form of subsidized housing and rents remain lower than market rents. We also view favorably the efforts taken by management to generate operational efficiencies. These savings should help manage cost increases while allowing the group to keep rents for tenants at affordable levels. Furthermore, the group's strategy continues to place emphasis on achieving sustainability targets such as energy efficiency and carbon neutrality. These are also key metrics referenced in Wheatley's recently secured sustainability-linked facility.

We expect the growing asset base and the group's ability to raise rents will gradually offset cost and investment pressures, with margins improving to close to 30% by the end of our forecast horizon--the financial year ending March 31, 2025 (FY2025). For FY2022, we estimate the adjusted EBITDA margins deteriorated to about 21%. However, this drop in margins is temporary, stemming from a catchup on maintenance works following COVID-19 pandemic-induced delays suffered in FY2021 and increased spend to bring Dumfries & Galloway Housing Partnership's stock portfolio up to regulatory standards during the year. Furthermore, the classification of all the group's stock improvement spends as operating in nature resulted in higher capitalized repairs and subsequently weaker margins in comparison to the previous reviews.

Wheatley continues to fund its development program with a mix of grant income and new debt intake. We expect the group to deliver close to 1,600 new homes over our forecast horizon, which represents a modest increase of close to 2% to the existing asset base after netting off planned demolitions. Despite an increase in nominal debt over our forecast horizon, we expect a gradual improvement in the debt to nonsales EBITDA to just under 15x and interest coverage of about 1.7x by the end of our base-case period. This improvement is supported by the group's debt restructuring and refinancing efforts over the past two years in combination with the expected recovery in EBITDA over our forecast horizon.

We assess the regulatory framework under which registered providers of social housing in Scotland operate as very strong because we consider that the Scottish Government places high priority on its social housing policies and agendas. We view oversight as being very strong in Scotland, and regulatory powers are extensive, including facilitating asset transfers and mergers for failing providers. We consider that ongoing support is strong, with high levels of grant funding for development in addition to the provision of welfare benefits to support rental income for tenants. We do not see any significant negative intervention, although the rollout of the decarbonization agenda across the U.K. could place additional financial and operational burdens on the Scottish social housing sector over the next few decades should additional grant funding not be made available.

We think Wheatley benefits from a high likelihood of timely and sufficient extraordinary support from the Scottish government, through the Scottish Housing Regulator, in the event of financial distress. We base our view of a high likelihood of extraordinary government support on our assessment of the group's very important role for the Scottish government and its public policy mandate, as well as its strong link with the Scottish government. This is demonstrated by the government's track record of providing strong credit support to the sector in certain circumstances. The regulator views Wheatley as a systemically important registered social landlord because it thinks financial distress for Wheatley could make it difficult for the regulator to fulfill its statutory objective of protecting tenants, since Wheatley remains a key delivery partner of the Scottish government's affordable housing program. Wheatley aims to contribute to about 11% of the government's housing target of delivering 110,000 affordable homes by 2032. This further illustrates that Wheatley lies in the regulator's high category of engagement, based on its large asset base, turnover, debt levels, and significance in its areas of operation.

Liquidity

We assess Wheatley's liquidity as very strong, underpinned by the group's comprehensive liquidity policy. We estimate sources of liquidity will cover uses by about 2.4x over the next 12 months. We continue to view Wheatley's access to external liquidity as satisfactory.

We expect sources of liquidity over the next 12 months will include:

- Cash flow from operations of about £92 million;
- Current cash and liquid investments of £71 million;
- Fixed asset sales receipts of about £1 million;
- Committed and undrawn facilities expiring beyond 12 months of about £286 million; and
- Grant receipt of just over £50 million.

We expect uses of liquidity over the same period will include:

- Capital expenditure of just over £125 million; and
- Interest and principal repayments of about £81 million.

Key Statistics

Table 1

Wheatley Housing Group -- Key Statistics

	--Year ended March. 31--				
Mil. £	**2021a**	**2022e**	**2023bc**	**2024bc**	**2025bc**
Number of units owned or managed	64,132	64,442	64,681	64,665	65,307
Adjusted operating revenue	359.7	362.1	372.2	385.5	400.0
Adjusted EBITDA	99.3	74.5	91.2	105.0	118.1
Non-sales adjusted EBITDA	99.3	74.5	91.2	105.0	118.1
Capital expense	77.3	138.6	122.7	161.8	157.0
Debt	1,487.6	1,520.0	1,549.5	1,613.6	1,650.3
Interest expense	67.9	63.0	64.3	66.0	67.8
Adjusted EBITDA/Adjusted operating revenue (%)	27.6	20.6	24.5	27.2	29.5
Debt/Non-sales adjusted EBITDA (x)	15.0	20.4	17.0	15.4	14.0
Non-sales adjusted EBITDA/interest coverage(x)	1.5	1.2	1.4	1.6	1.7

a--Actual. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. e--Estimate.

Ratings Score Snapshot

Table 2

Wheatley Housing Group -- Ratings Score Snapshot

	Assessment
Enterprise risk profile	2
Industry risk	2
Regulatory framework	2
Market dependencies	2
Management and Governance	2
Financial risk profile	3
Financial performance	4
Debt profile	4
Liquidity	2

S&P Global Ratings bases its ratings on non-profit social housing providers on the seven main rating factors listed in the table above. S&P Global Ratings' "Methodology For Rating Public And Nonprofit Social Housing Providers," published on June 1, 2021, summarizes how the seven factors are combined to derive each social housing provider's stand-alone credit profile and issuer credit rating.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | General: Methodology For Rating Public And Nonprofit Social Housing Providers, June 1, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- United Kingdom 'AA/A-1+' Ratings Affirmed; Outlook Stable, April 22, 2022
- U.K. Social Housing Sector Borrowing Needs To Rise To Fund Investment In New Homes, March 31, 2022
- Social Housing Outlook 2022: Green Agenda Takes Root In Investment Plans, Nov. 23, 2021
- How U.K. Public Finance Sectors Fare Under Latest Spending Review, Nov. 11, 2021
- Global Regulatory Framework Report Card For Public And Nonprofit Social Housing Providers, June 8, 2021

Ratings List

Ratings Affirmed	
Wheatley Housing Group Ltd.	
Glasgow Housing Association Ltd. (The)	
Issuer Credit Rating	A+/Stable/--
Lowther Homes Limited	
Issuer Credit Rating	A/Stable/--
Wheatley Group Capital PLC	
Senior Secured	A+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support

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Report

To:	**Wheatley Housing Group Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Treasury update**
Date of Meeting:	**29 June 2022**

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1. Purpose

1.1 This report provides the Board with a quarterly update on the liquidity position, seeks approval of the updated Treasury Management Policy ("TMP"), seeks approval for submission of the loan portfolio return to the Scottish Housing Regulator and provides an update on the interest rate outlook for the UK and our capacity to deal with the short-term volatility.

2. Authorising and strategic context

2.1 Under the Group authorising framework 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.

2.3 The Group Board is required to approve the overall Group-wide loan portfolio return to the Scottish Housing Regulator ("SHR"). Partner RSLs have already approved their individual returns for submission to the SHR.

3. Background

3.1 We continue to fund capital expenditure from cash reserves, with all working capital facilities undrawn at this time.

3.2 The Treasury Management Policy has been updated to reflect the changes resulting from the accession of DGHP and Wheatley Developments (Scotland) Limited to the RSL Borrower Group funding arrangements. The increase to the Wheatley Homes Glasgow on-lend to Lowther Homes is also reflected within the amended TMP.

3.3 The annual submission of the Loan Portfolio Return to the SHR is due by July 31st and requires approval from this Board.

4. Discussion

i. Liquidity Position

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

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

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

[redacted]

4.3 Immediately available WFL1 facilities (RCFs and overdrafts) total £285.7m. These remain undrawn at this time with operating expenditure met by cash surplus and reserves. Please note that May had a double payroll for Wheatley Homes Glasgow which totalled £9.8m, impacting the cash balance for month-end. No external drawdowns were required during the first quarter of the financial year.

ii. Revision to Treasury Management Policy

4.4 The TMP was last updated in June 2020. A 'clean' version of the TMP is included in Appendix 1 to this report, with a 'redline' version which reflects all changes between the 2020 and 2022 versions in Appendix 2.

4.5 Notwithstanding the formatting changes reflected in the redline version, the key areas which have been changed and/or are introduced for the first time in the 2020 version of the TMP are set out below:

(a) Reflects the changes resulting from the accession of DGHP and Wheatley Developments (Scotland) Limited to the RSL Borrower Group and WFL1 funding arrangements; and

(b) Reflects the increase of £15m to the on-lending agreement between Wheatley Homes Glasgow and Lowther which was agreed in May 2021;

4.6 The TMP makes clear that any new funding, whether at WFL1, WFL2 or for any RSL on a bilateral agreement (such as new lending with [redacted] or [redacted]) is subject to the approval of Wheatley Group Board, prior to the relevant subsidiary board approvals.

4.7 The 2020 TMP was reviewed by independent treasury risk consultants, Chatham Financial Europe (formerly, JC Rathbone Associates) who confirmed it was comprehensive and met best practice for the sector. The proposed amendments to the TMP do not fundamentally alter the processes and procedures set out in the policy documentation and, accordingly, we have not submitted these relatively minor revisions for external review.

iii. Loan Portfolio Return

4.8 The SHR requires the loans held by Wheatley Funding No. 1 Ltd (“WFL1”) on behalf of the RSL Borrower Group, any direct loans to the RSL Borrower Group, and related security information to be submitted through the loan portfolio submission of the parent company, Wheatley Housing Group Ltd. The submission report attached at appendix 3 contains the details which will be transferred to the SHR’s portal, showing both the information and the layout. As at 31 March 2022, DGHP was not part of the RSL Borrower Group and therefore a separate return was prepared and has been approved by the DGHP Board.

4.9 The submission report set out in Appendix 3 contains the information relating to the loans held by, and the intragroup funding from, Wheatley Funding No. 1 Limited, this information being factual information on the debt position as at the financial year end date of 31 March 2022.

4.10 The key information contained within the report is that, as at 31 March 2022:

- Facilities are the total amount of committed debt available to the RSL Borrower Group (£1.50bn);
- Loan details contain the individual loan amounts borrowed by WFL1 under the facilities, along with lending details and the relevant rates (£1.22bn);
- Intra-group Lending are the amounts on-lent to the individual RSLs from the loans drawn under WFL1(£1.18bn);
- Covenants are as set under each facility with the most recent levels reported to the funders under the facilities detailed (all covenants met); and
- Security contains the number of housing units of the RSL Borrower Group used as security (52,594) against the current facilities, and the number of units unencumbered (3,683) available to support further debt facilities. The value of the secured units is £1.93bn, which includes £123.8m secured but not allocated to a funder. (31 March 2021 valuation).

4.11 All WFL1 facilities were amended and two facilities were novated from DGHP to WFL1 (the £[redacted] placement with [redacted] and the £[redacted] [redacted] with redacted]) on 01 April 2022. In line with SHR guidance, an “in-year” return will be submitted with all funding details updated. The SHR will allow the completion of the in-year return approximately one month after the submission of the annual return (due end July 2022). In the interim, we will provide the SHR with the details of the facility amendments, which were completed shortly after the financial year end, by email. The SHR is aware we completed these amendments in early April.

iv. Interest rate outlook

4.12 The Bank of England (“BOE”) increased the UK base rate to 1.25% on 16 June, the fifth-consecutive monthly increase since the hiking cycle commenced late 2021.

4.13 The BOE works towards achieving a medium-term inflation rate of 2% with a tolerance of +/- 1%, using monetary policy (i.e., increasing or decreasing interest rates and/or adjusting asset purchases via quantitative easing) to either encourage spending or saving to bring inflation in-line with the target. Despite five interest rate increases, inflation is now forecast to hit 11% in October (9% in April 2022), increasing the likelihood of further rises.

4.14 The BOE had anticipated inflationary pressures to be transitory and would be resolved as Covid restrictions were lifted and the resultant supply chain issues alleviated. However, this view was held prior to the Russian invasion of Ukraine and the severe lockdown this year in Shanghai which both further interrupted energy markets and international trade. Energy costs in the UK are impacted by both the underlying gas and oil prices as well as the GBP/USD exchange rate (energy markets are priced in USD). GBP/USD is now as low as 1.2200, reducing the UK's purchasing power, and leading to additional increases at the petrol pump and for domestic energy usage.

4.15 Given energy cost inflation is now being baked into the cost of goods and services as well as into salary negotiations as the cost of living accelerates at the fastest pace across advanced economies since the 1980's, interest rate markets now anticipate short-term rates to increase more rapidly, with some economists forecasting a rate of as high as 3.00% by the end of this year. BOE Governor, Andrew Bailey, said that the Bank is prepared to "act forcefully" if inflation remains above-target for a prolonged period. That said, the BOE will have to carefully balance the negative impact rate hikes will have on the fragile post-Covid economic recovery, to avoid recession.

4.16 In terms of our capacity to deal with this change to the short-term interest rate outlook, our prudent business planning assumptions and Treasury Management Policy are purposefully designed to ensure we have adequate headroom to absorb increased interest costs. The majority of drawn debt is on a fixed rate basis ([redacted]), with [redacted]% (£[redacted]) of floating rate term debt in our Syndicate facility.

4.17 Each 1% increase in base rates results in £1.54m additional interest servicing cost per annum. However, we have already paid a full quarter's interest with SONIA below 1%, and unless the BOE rapidly accelerates the pace and size of the interest rate increases (rates would need to be, on average, above 2% for the rest of this year), we will continue to remain within our budgeted annual interest cost (assumed at 1.75% in the business plan). While the reforecast may adjust the assumed rates for 2023-25 to ensure adequate headroom over the next 2 – 3 years during which time inflationary pressures are likely to peak, beyond 2026/27 our longer-term assumptions remain prudent at 5%.

4.18 The assumed floating interest rates in the business plan are set out in the table below:

Financial Year	Business plan assumed rates
2022/23	1.75%
2023/24	2.75%
2024/25	3.50%
2025/26	4.50%
2026/27	5.00%
Thereafter	5.00%

4.19 We continue to fund the Group's activity from operating cash and reserves so far this financial year and while the February approved business plan forecasts drawdowns of £31.5m (2022/23) and £100m (2023/24) these amounts are highly dependent on the size and scale of the new build programme.

4.20 The development programme is not immune from the inflationary pressures which may render some future schemes uneconomic, reducing the need for debt drawdown, and correspondingly reducing our exposure to the short-term floating rates. The August reforecast will consider these factors in deciding if adjustments need to be made to our funding assumptions in the short-term given the current external economic environment.

5. Customer Engagement

5.1 Not directly applicable as not related to customer service.

6. Environmental and sustainability implications

6.1 Liquidity provided by way of RCFs are linked to sustainability KPIs. The cost of this debt will be reduced upon delivery of various KPIs which measure the energy efficiency ratings of our new build homes, provision of homes to homeless populations, provision of educational bursaries to customers and retrofitting existing homes.

6.2 Where we meet the stretching annual sustainability targets, the loan margin will be reduced by up to 0.05% on drawn funds.

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

7. Digital transformation alignment

7.1 No direct impact on the digital transformation programme.

8. Financial and value for money implications

8.1 None.

9. Legal, regulatory and charitable implications

9.1 As set out in the body of the report in relation to the Loan Portfolio Return.

10. Risk Appetite and assessment

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

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 Our liquidity position remains strong with no external funding drawn in the first quarter of the financial year.

12.2 The TMP has been updated to reflect the changes in the Group's funding position following the accession of DGHP into the RSL Borrower Group.

12.3 The Loan Portfolio Return has been updated to reflect the funding position in WFL1 at financial year-end (31 March 2022). As part of the submission to the SHR, the Chair of the Board and Director/Chief Executive are required to confirm the following:

"I hereby certify for and on behalf of the RSL that the information provided in this return is, to the best of my knowledge and belief, an accurate and fair representation of the affairs of the RSL."

12.4 The assumed interest rates in the business plan continue to provide headroom despite an acceleration in short-term rates by the Bank of England in response to inflationary pressures. The reforecast in August will consider if an upward adjustment is required for 2022-25 to ensure Golden Rules are met.

13. Recommendations

13.1 The Board is asked to:

1) Note the Group's liquidity position as at 31 May 2022;
2) Approve the amendments to the Treasury Management Policy;
3) Approve the submission of the loan portfolio return to the Scottish Housing Regulator; and
4) Note the rapidly changing interest rate environment and our capacity to deal with increased funding costs.

LIST OF APPENDICES

Appendix 1: Draft 2022 Treasury Management Policy ('clean' version) [redacted. Available here: Group-Treasury-Management-policy.pdf (wheatley-group.com)]
Appendix 2: Amended 2020 Treasury Management Policy ('redline' version) [redacted]
Appendix 3: Loan Portfolio Return Submission

RSL: 363 - Wheatley Housing Group Ltd (WHG)

Return	Annual Return 2022	31/03/2022

Further Return Details

Accounting Year End	Do you have any ISDA's	Does Lender have a floating charge over the company Assets	Intragroup Lending / Borrowing
March	No	No	Yes

Social Housing Units

Owned by RSL	Used for Security	Unencumbered	% of Unencumbered with positive value
52,594	48,911	3,683	100.00

Total Facility (£'000s)	Facility Outstanding (£'000s)	Facility Undrawn (£'000s)
1,506,923.5	1,221,951.5	251,100.0

FACILITIES

Facility Number	Lead Lender	Status	Total Facility £'000s	Start Date	End Date	Facility Undrawn	Bal Outstanding £'000s	Undrawn Facility for	Funds Committed	Next Five Years	Multi Lender	Charge Holder	Security Trustee
WHGBEQ003	Bond Equity	Live	300,000.0	28/11/2014	28/11/2044	0.0	300,000.0	N/A	N/A	N/A	Yes	M&G Trustee Company Limited	Yes
WHGBLR2900	Black Rock	Live	100,000.0	10/05/2017	28/02/2037	0.0	100,000.0	N/A	Yes	Yes	No	M&G Trustee Company Limited	Yes
WHGBLR2961	Black Rock	Live	50,000.0	05/11/2018	31/08/2033	0.0	50,000.0	N/A	Yes	Yes	No	M&G Trustee Company Limited	Yes
WHGEUI002	European Investment Bank	Live	104,183.5	28/11/2014	08/03/2038	0.0	89,456.1	New Build - Social Housing	Yes	Yes	No	M&G Trustee Company Limited	Yes
WHGEUI2962	European Investment Bank	Live	185,000.0	13/06/2018	31/03/2044	0.0	185,000.0	Affordable Housing Development	Yes	Yes	No	M&G Trustee Company Limited	Yes
WHGHSBC2901	HSBC	Live	100,000.0	16/11/2017	16/11/2023	100,000.0	0.0	Capital Investment	Yes	Yes	No	M&G Trustee Company Limited	Yes

WHGRBS001	Royal Bank of Scotland plc	Live	667,740.0	28/11/2014	31/03/2040	151,100.0	497,495.4	New Build - Social Housing	Yes	Yes	Yes	M&G Trustee Company Limited	Yes

LOANS

Status	Loan Type	Purpose of Loan	Total Loan Amount	Balance O/S	Repayment Terms	Ref Int Rate	Margin over Int Rate or All In fixed rate	First Cap Repayment Date	Final Capital repayment Date	First Int Payment date	Interest is being	Security Value	Basis	Date of Valuation
LIVE	BOND / CAPITAL MARKET PRODUCT	Affordable Housing Development	250,000.0	250,000.0	Interest only - Bullet Repayment at and of term from cashflow	FIXED PERCENTAGE	4.375%	28/11/2044	28/11/2044	28/05/2015	PAID	383,998.7	EUV-SH & MV-T	31/03/2021
LIVE	BOND / CAPITAL MARKET PRODUCT	Affordable Housing Development	50,000.0	50,000.0	Interest only - Bullet Repayment at and of term from cashflow	FIXED PERCENTAGE	4.375%	28/11/2044	28/11/2044	28/05/2015	PAID	Included above	EUV-SH & MV-T	31/03/2021
LIVE	BOND / CAPITAL MARKET PRODUCT	Affordable Housing Development	70,000.0	70,000.0	Interest only - Bullet Repayment at and of term from refinancing	FIXED PERCENTAGE	3.125%	29/02/2032	29/02/2032	31/08/2017	PAID	147,930.8	EUV-SH & MV-T	31/03/2021
LIVE	BOND / CAPITAL MARKET PRODUCT	Affordable Housing Development	30,000.0	30,000.0	Interest only - Bullet Repayment at and of term from refinancing	FIXED PERCENTAGE	3.125%	31/08/2027	28/02/2037	31/08/2017	PAID	Included above	EUV-SH & MV-T	31/03/2021
LIVE	BOND / CAPITAL MARKET PRODUCT	Affordable Housing Development	50,000.0	50,000.0	Interest only - Bullet Repayment at and of term from cashflow	FIXED PERCENTAGE	3.320%	31/08/2033	31/08/2033	31/08/2019	PAID	60,220.0	EUV-SH & MV-T	31/03/2021
LIVE	FIXED RATE LOAN	Affordable Housing Development	104,183.5	89,456.1	Interest only then capital & Interest	FIXED PERCENTAGE	4.082%	01/04/2016	08/03/2038	31/01/2015	PAID	333,198.1	EUV-SH & MV-T	31/03/2021
LIVE	FIXED RATE LOAN	Affordable Housing Development	185,000.0	185,000.0	Interest only then capital & Interest	FIXED PERCENTAGE	1.556%	30/09/2024	31/03/2044	31/03/2020	PAID	Included above	EUV-SH & MV-T	31/03/2021
LIVE	Revolving Loan / Credit Facility	Capital Investment	100,000.0	0.0	Interest only - Bullet Repayment at and of term from cashflow	LIBOR	1.350%	16/11/2023	16/11/2023	23/11/2018	PAID	0.0	EUV-SH & MV-T	31/03/2021
LIVE	FIXED RATE LOAN	Affordable Housing Development	304,887.4	304,887.4	Interest only then capital & Interest	FIXED PERCENTAGE	6.744%	31/03/2017	31/03/2040	31/12/2014	PAID	625,575.2	EUV-SH & MV-T	31/03/2021

LIVE	VARIABLE	Affordable Housing Development	92,608.0	92,608.0	Interest only then capital & Interest	LIBOR	1.650%	31/03/2017	31/03/2040	31/12/2014	PAID	101,868.8	EUV-SH & MV-T	31/03/2021
LIVE	FIXED RATE LOAN	Affordable Housing Development	21,527.3	21,527.3	Interest only then capital & Interest	FIXED PERCENTAGE	6.680%	31/03/2029	31/03/2029	31/12/2014	PAID	23,680.0	EUV-SH & MV-T	31/03/2021
LIVE	VARIABLE	Affordable Housing Development	78,472.7	78,472.7	Interest only then capital & Interest	LIBOR	1.500%	31/03/2023	31/03/2029	31/12/2014	PAID	86,320.0	EUV-SH & MV-T	31/03/2021
LIVE	Revolving Loan / Credit Facility	Affordable Housing Development	91,350.0	0.0	Interest only then capital & Interest	LIBOR	1.150%	31/03/2030	31/03/2030	30/06/2020	PAID	100,485.0	EUV-SH & MV-T	31/03/2021
LIVE	Revolving Loan / Credit Facility	Affordable Housing Development	40,750.0	0.0	Interest only then capital & Interest	LIBOR	1.000%	31/03/2025	31/03/2025	30/06/2020	PAID	44,825.0	EUV-SH & MV-T	31/03/2021
LIVE	OVERDRAFT	Affordable Housing Development	10,000.0	0.0	Interest only then capital & Interest	LIBOR	Agreed when drawn	31/03/2040	31/03/2040	31/12/2014	PAID	11,000.0	EUV-SH & MV-T	31/03/2021
LIVE	Revolving Loan / Credit Facility	Affordable Housing Development	9,000.0	0.0	Interest only then capital & Interest	LIBOR	1.650%	31/03/2017	31/03/2025	31/12/2014	PAID	9,900.0	EUV-SH & MV-T	31/03/2021

INTER-GROUP FINANCING LENDING

Borrower	Relationship	Amount Provided £'000s	Balance O/S £'000s	Purpose of Loan	Duration of Funding Arrangement (months)	First Cap Repayment Date	Is Funding Provided Part of Funds Borrowed	Lender Aware of On-Lending Arrangement	Security	Type of Security	Security Details	Security Value £'000s	Loan Agreement	Repayment Period (months)	Repayment Terms	Ref Rate	Margin / All-in Rate	Start Date	End Date
GLASGOW HA	Other Group Company	949,000.0	949,000.0	Working Capital	348	01/04/2022	YES	YES	Yes	Standard security over stock	GHA is guarantor to Lender	1,560,364.8	Yes	259	Interest only then capital & interest	Rate paid by on lender	4.15%	28/11/2014	28/11/2043
WEST LOTHIAN HP	Other Group Company	27,500.0	27,500.0	Working Capital	360	01/04/2022	YES	YES	Yes	Standard security over stock	WLHP is guarantor to Lender	40,799.2	Yes	271	Interest only then capital & interest	Rate paid by on lender	4.15%	28/11/2014	28/11/2044

LORETTO HA	Other Group Company	74,256.1	74,256.1	Working Capital	360	01/04/2022	YES	YES	Yes	Standard security over stock	Loretto HA is guarantor to Lender	122,741.3	Yes	271	Interest only then capital & interest	Rate paid by on lender	4.15%	28/11/2014	28/11/2044
DCHA	Other Group Company	129,000.0	129,000.0	Working Capital	343	01/04/2022	YES	YES	Yes	Standard security over stock	DCH is guarantor to Lender	350,188.5	Yes	271	Interest only then capital & interest	Rate paid by on lender	4.15%	01/04/2016	28/11/2044

COVENANTS

Loan ref No	Type of Covenant	Reporting frequency	Required Level	Calculated	Level Achieved	Date of last report
BOND	Interest Cover	Annually	>= 105%	Adjusted Operating Surplus for most recent successive 3 year period / Total Finance Costs for same period	149%	31/03/2021
BOND	Asset Cover	Annually	>= £300m	Minimum Value Charged Properties + Retained Proceeds + Charged Cash >= Funded Commitment	£363.2m	31/03/2021
Black Rock (2017)	Interest Cover	Quarterly	>= 100%	Adjusted Operating Surplus / Total Finance Costs	158%	31/03/2022
Black Rock (2017)	Gross Debt per Unit	Quarterly	<= £27,000	Debt / Unit	£23,585	31/03/2022
Black Rock (2017)	Asset Cover	Quarterly	>= £100m	Minimum Value Charged Properties + Cash Collateral >= Outstanding Principal Amount	£31m headroom	31/03/2022
Black Rock (2018)	Interest Cover	Quarterly	>= 100%	Adjusted Operating Surplus / Total Finance Costs	158%	31/03/2022
Black Rock (2018)	Gross Debt per Unit	Quarterly	<= £27,000	Debt / Unit	£23,585	31/03/2022
Black Rock (2018)	Asset Cover	Quarterly	>= 100%	Minimum Value Charged Properties + Cash Collateral >= Outstanding Principal Amount	£4.8m headroom	31/03/2022
EIB	Interest Cover	Quarterly	>= 110%	Adjusted Operating Surplus / Total Finance Costs	158%	31/03/2022
EIB	Gross Debt per unit	Quarterly	<= £27,000	Debt / Unit	£23,585	31/03/2022
EIB	Debt Service Test (DST)	Quarterly	>= 1.4 : 1	Cashflow + Committed undrawn borrowings : Total Finance Costs	7 : 1	31/03/2022
EIB	Asset Cover	Quarterly	<= 100%	Outstanding Principal Amount <= Minimum Value Charged Properties	93%	31/03/2022
HSBC	Interest Cover	Quarterly	>= 100%	Adjusted Operating Surplus / Total Finance Costs	158%	31/03/2022
HSBC	Gross Debt per Unit	Quarterly	<= £27,000	Debt / Unit	£23,585	31/03/2022
HSBC	Asset Cover	Quarterly	> £0 headroom	Minimum Value Charged Properties + Cash Collateral >= Outstanding Principal Amount	£0m	31/03/2022
SYNDICATE	Interest Cover	Quarterly	>=100%	Adjusted Operating Surplus / Total Finance Costs	158%	31/03/2022
SYNDICATE	Gross Debt per unit	Quarterly	<= £27,000	Debt / Unit	£23,585	31/03/2022
SYNDICATE	Debt Service Test (DST)	Quarterly	< 18 years	50% gross rental income to repay all loans @ 6.5% interest over unexpired term	Met	31/03/2022
SYNDICATE	Asset Cover	Quarterly	>= 100%	Minimum Value / Outstandings	202%	31/03/2022