

Group Statement on Environmental, Social and Governance 2018/19

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Making Homes and Lives Better



Introduction from the Chair

Alastair MacNish

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Wheatley Housing Group is Scotland's leading housing, care and property-management group and one of the UK's best-accredited organisations.

The Group and its subsidiaries are united by a commitment to excellence in all they do and in their mission of 'Making Homes and Lives Better' in the communities they serve.

Owning or managing over 81,000 homes, the Group delivers award-winning services to over 200,000 people across Scotland through its subsidiary organisations. These include:

- › six registered social landlords;
- › two commercial subsidiaries delivering private letting and factoring services;
- › Loretto Care providing care and support across central Scotland;



- ›Wheatley Foundation, the Group's charitable trust; and
- ›Wheatley Solutions, which provides business support functions to the other Group subsidiaries.

Wheatley employs 2,700 people directly and a further 2,000 as joint owners of one of Scotland's largest repairs and maintenance companies, City Building (Glasgow) LLP.

Wheatley has been confirmed as the UK's largest builder of social rented homes for three years in a row and has been awarded Investors in People's UK Platinum Employer and Apprentice Employer of the year. The Group's largest subsidiary, The Glasgow Housing Association ("GHA"), was named by the European Foundation of Quality Management as one of only three winners (from its 30,000 strong membership) of the 2017 Global Excellence Award.

Wheatley's partner organisations remain firmly rooted in their local communities, while drawing on the strength, size, scale and resources of the Group to contribute on a regional and national level to affordable housing, care and community regeneration across Scotland.

The impact Wheatley has on the lives of our customers, our neighbourhoods and the environment around us is a key element in the Group's purpose. In everything the Group does, we need to ensure the arrangements for governance, monitoring performing and managing risk are robust and lead the way in best practice in the sector. More details of our work and arrangements are provided in this document. Of particular note this year are:

- ›the creation of 650 jobs and apprenticeship for people who live in Wheatley's homes and the funding of 50 bursaries;
- ›support for over 12,000 people through Wheatley Foundation programmes;
- ›reduction of our CO2 emissions by 1,268 tonnes;
- ›the involvement of tenants on our Boards, making up 25% of all appointments;
- ›full compliance with the Scottish Housing Regulator's standards of governance and financial management.

Alastair MacNish OBE
Chair of Wheatley Housing Group Board



Our social purpose

Wheatley Group is rooted in its local communities and committed to delivering outstanding, customer-focused services. Our mission is to make lives, not just homes, better.

The Group's charitable trust, Wheatley Foundation, delivers the Group's community and better lives activity. Our wraparound services, fulfilling a wider role in our communities, are brought together under Wheatley 360.

Together, Wheatley Foundation and Wheatley 360 help the Group and our subsidiaries support communities in many ways.

- ▶ Our Community Improvement Partnership ("CIP") made up of seconded police and fire officers and our own staff, works with our communities to tackle anti-social behaviour, crime and improve fire safety in neighbourhoods. This included:
 - the Stay Safe campaign, aimed at promoting home safety and fire awareness messages to customers. There have been over 2,800 home visits in 2018/19 – with the total number of fires in our homes falling by 11%

- working closely with police officers to resolve local issues such as anti-social behaviour more quickly and to help our customers feel safer in their homes and neighbourhoods.

- ▶ Advice and support is provided to our customers around all aspects of running a home and settling into a community, including:
 - money, benefits and fuel advice to support our customers. The roll-out of Universal Credit presents new challenges and hardship for many, particularly for those making the transition to the new benefit. We supported our customers and their families through this and many other difficulties with personalised help
 - MyHousing, Wheatley's new online housing information, advice and letting service website which now offers personalised and honest advice to help people make the right choices about their housing and the options available to them
 - MySavings, which launched in 2019, offers all our customers discounts and deals on their shopping to help make the cost of running their home more affordable. The online portal is run by Rewards Gateway.

- › In 2018/19, Wheatley Foundation invested over £5m and supported more than 12,000 people in programmes to support people to escape poverty; find jobs and training; access sport and arts; get support for further education; and learn digital skills. These included:
- the launch of Wheatley Works, an initiative principally aimed at helping people overcome the barriers they face in getting a job. There were over 1,000 referrals into Wheatley Works and almost 800 opportunities were created, with over 70% taken up by customers of Wheatley Group
 - over 5,000 people were supported by our Poverty and Social Inclusion programmes which, for many, became vital as the full impact of Universal Credit was felt across our communities. These included EatWell, which provided emergency food and support to over 1,000 households, Home Comforts which gives people free upcycled furniture and the Response Fund, which was set up to support customers experiencing hardship in one-off situations
 - awarding 50 young people from our homes a bursary to go to university or college
 - creating 79 apprenticeships and 113 work experience placements and taster sessions accessed through Community Benefit clauses in Wheatley Group’s new-build contracts
 - offering customers access and support to get online free of charge through our Click & Connect centres. In total 7,000 people got free access to computers and training to get online through our network of 36 centres. “Our Digital Skills for All” project saw 2,437 sessions held across Edinburgh and the Lothians in Wheatley communities with 331 people gaining qualifications
 - 200 armed services veterans were

supported with funding secured from the UK Treasury’s LIBOR fund.

- › In January 2019, Economists at the Fraser of Allander Institute published a report into the economic impact of the work carried out by our largest subsidiary GHA. Highlights included:
- GHA’s investment and new-build programmes had, since stock transfer in 2003, contributed a huge £2bn to the Scottish economy
 - the modernisation programme, which was the biggest of its kind in Europe, and the completion of almost 2,500 new homes has, as well as making a substantial contribution to the economy, also, according to the Fraser of Allander research, supported 2,425 full-time jobs every year.



Our environmental impact



Wheatley is committed to doing the right thing by our planet - and by our customers' pockets. Our environmental and sustainability aims are rooted in the communities we serve. As a Group we aim to be Net-Zero Carbon by 2045, with a reduction of 50% in our carbon emissions by 2025. Some of our most notable activities include:

› Since 2015, we have invested over £330m in our social housing. A large proportion of this investment has been made in improvements to make our homes warmer, drier and more

energy efficient and at the end of 2018, over 95% of our social homes met the Scottish Government's Energy Efficiency Standard for Social Housing ("ESSH") standards

- › Wheatley has accessed £126m in grant funding to support energy efficiency measures since 2003
- › A carbon reduction of 50,600 tonnes since 2003 and of 1,268 tonnes in the year
- › Since 2015, the Group has accessed £8.6m on behalf of over 550 owners to help with the costs of participating in energy-efficient capital investment works, in many cases

- covering 100% of the costs to owners
- › Over £20m has been invested in district heating schemes since 2015 using renewable energy to provide cheaper hot water and heating for our customers, helping to make carbon savings and reduce the number of people falling into fuel poverty. Wheatley has 3,600 properties connected to district heating, making us the largest network operator in Scotland and one of the largest in the UK. Our schemes include the UK's largest Air Source Heat Pump machine to feed district heating for 350 homes in Hillpark Drive in Glasgow
- › Solar photovoltaic panels have been installed in many of our new-build homes. In total, the Group manages around 850 systems, providing capacity of over 2 MegaWatts. Over the last five years, these systems have provided free energy worth over £880k to our customers and feed-in tariffs worth £2.9m to date
- › Partnering with Scottish Government in a £9m funded project to transform how electric storage heating operates utilising curtailed wind farm energy, "time use" tariffs and weather predictive algorithms to provide cheaper and more controllable heating
- › Smart meters are installed in our new-build homes, helping customers to keep an eye on their fuel bills and reduce consumption
- › Lighting in communal staircases is being replaced with energy-efficient Light Emitting Diode ("LED") lighting
- › Working closely with Glasgow City Council, we have joint funded and supported 130 projects to bring back over 125 hectares of disused space back into community use or improved environmental quality
- › We have directly funded partnership allotments and other growing initiatives, including spaces accessible to our own tenants such as Collins Street in Glasgow,

Priesthill allotments, Craigton Residents' Action Group, Riverside Community Garden or Castlemilk Park. The projects promote healthy living, exercise, cooperation and community cohesion

- › Our Home Comforts scheme recovers unwanted furniture and electrical goods, upcycles and tests them and makes them available to new tenants starting out in their new home. In the last years this service has provided 4,500 items of furniture estimated to be worth £130k given for free and diverting these items from landfill
- › In partnership with the Woodlands Trust, over 1,700 trees have been planted with residents and local groups
- › Working with our in-house environmental teams and in partnership with Keep Scotland Beautiful, an environmental charity committed to making Scotland clean, green and more sustainable, over 80% of our neighbourhoods have been awarded 5* or higher in an assessment of the environmental quality across all areas and stock types.



Governing our Group

All members of the Group work collaboratively to ensure that each member can achieve more for their customers and communities through being part of the Group than they could on their own.

The Group is regulated by the Scottish Housing Regulator (“SHR”) and complies with the SHR’s Regulatory Framework (“the Framework”) and Regulatory Standards of Governance. The Framework was revised in early 2019 and came into effect in April this year. The Framework introduced a number of new obligations on the Group and changes in approach including:

- › a new requirement for RSLs (including Groups) to provide a ‘Self-Assurance Statement’ on their compliance with the Framework
- › the introduction of public ‘Regulatory Judgements’ by the SHR setting out their view of an RSL
- › additional Regulatory Standards in relation to organisational changes and disposals
- › a more prescriptive requirement for RSLs to embed equality and human rights in their decision making.

Our assurance statement for 2019 is:

The Group Board considered evidence at its meeting on 30 August and confirmed we have appropriate assurance that all Registered Social Landlords which are part of Wheatley Housing Group Limited (being Wheatley Housing Group, GHA, Dunedin Canmore Housing, Cube Housing Association, Loretto Housing Association, West Lothian Housing Partnership and Barony Housing Association) comply with:

- › all relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework;
- › all relevant standards in the Scottish Social Housing Charter; and all relevant legislative duties.

The Wheatley Board comprises up to nine Non-Executive Directors, up to six subsidiary Chairs and the Group Chief Executive. The Board meets every two months and holds an annual two-day strategy workshop. Non-Executive Directors are recruited based on a rolling three-year succession plan which clearly aligns the skills and experience of the Board with both our strategic priorities and the legal and regulatory duties of the Board.

The Board of Wheatley Housing Group is responsible for ensuring that an effective system of internal financial control is maintained within all members of the Group. This system of internal financial control can provide reasonable but not absolute assurance against material misstatement or loss. The Board has established a framework for providing effective internal financial control including:

- › documented and up to date corporate governance arrangements including regular meetings of the Board, and subsidiary Boards, which have a schedule of matters that are specifically reserved for approval and are the subject of regular standard reports as required
- › written policies and procedures including standing orders setting out delegated authorities across Group subsidiaries and organisational structure to support business processes and with clear lines of responsibility;
- › employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme;
- › adoption of a risk-based approach to internal control and maintenance of risk registers which evaluate the likelihood and impact of identified corporate risks, designate responsibility for monitoring and reporting progress against the Group's key risks;
- › financial plans and budgets supporting strategic and operational financial targets, monitoring and forecasting performance against targets and key performance indicators, all of which are reviewed by the Board.

The Group Board is supported in discharging its duties by three sub-committees: Remuneration, Appointments, Appraisal and Governance; Group Audit, and Group Strategic Development. The sub-committees are made up of members of the Group Board. Key responsibilities of the sub-committees include:

- › Remuneration, Appointments, Appraisal and Governance Committee is responsible for approving the process for recruitment, selection, succession planning and appraisal of Board members and for ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles. The committee evaluates and reviews the Group's governance framework on an ongoing basis. The committee makes recommendations to the Group Board regarding the terms and conditions of the Group Chief Executive.
- › Group Audit Committee is responsible for oversight of the Group's system of internal control, compliance assurance and risk management. It is responsible for approving the internal audit plan and ongoing monitoring of its implementation. It also oversees the external audit process, including agreeing the annual external audit plan and undertaking a detailed review of financial statements. The committee is responsible for reviewing the effectiveness of the overall risk strategy and reviews the strategic risk register.
- › Group Strategic Development Committee is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board, in particular fundraising and strategic partnerships.

Individual subsidiaries all have individual Boards which are responsible for setting their own strategy which aligns with the overall Group strategic direction and reflects their



own circumstances and customer priorities. Each Board is composed of Non-Executive Directors based on its own individual skills matrix. Across the Group 25% of our governing body members are tenants who live in our communities.

In addition to tenants on subsidiary Boards, an independent group of tenants make up a Scrutiny Panel which considers performance in a number of key service areas. We also run Local Housing Committees and Community Forums to ensure our tenants' views and priorities influence and inform decision-making across the Group.

We have a well developed suite of governance instruments which collectively form our governance framework. The governance framework recognises the importance of clarity in decision making and clearly defines the respective roles and responsibilities of each Board.

The Group Executive Team provides day to day leadership of the Group and is responsible for the implementation of the strategic direction and financial planning agreed by the Board.

Risk management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process. Risk management forms an integral part of the culture and the way the Group is run. Risk management plans are incorporated and embedded into business plans of all departments of the organisation.

In order to maintain strong governance we regularly subject our governance arrangements to external and independent review. In recent years this has included:

- › 2017 independent Board Effectiveness

Review of the Group Board by the Institute of Directors. This review is externally undertaken triennially and the next one will take place in 2020

- › in 2017 co-created with Investors in People Scotland ("IiP") the first ever variant of the IiP Model exclusively for Boards and were the first organisation to be independently assessed and accredited under the model
- › in 2018 the Group undertook a strategic governance review which was undertaken by external governance specialists Campbell Tickell
- › in 2019 a self assessment against the Regulatory Framework which was reviewed by our internal audit function.

As well as our collective governance, all Non-Executives are subject to an individual annual appraisal process to monitor their performance and identify any areas for continuous improvement. We support our Non-Executive Directors by having a Continuous Professional Development programme in place which draws on a range of external experts, including the Institute of Directors, Quality Scotland and our external legal advisors. This allows our Non-Executives to refresh and maintain the key skills and experience they require to discharge their duties.

We ensure appropriate refreshment and renewal of our Boards by having clearly defined tenure limits and every Board having an individual succession plan.

The Group aims to lead the way in the housing and care sector and actively seeks external accreditation and scrutiny to benchmark performance against other similar organisations, recently achieving:

- › Investors in People - Platinum award, Wheatley Group (2019)

- Corporate Engagement Awards – Gold award for best Foundation, Wheatley Foundation (2019)
- Institute of Directors, Director of the Year – Martin Armstrong, CEO Wheatley Group (2018)
- Investors in Young People – Gold award, Wheatley Group (2018)
- Inside Housing Awards - Best Development Team (2018)
- European Foundation for Quality Management - Global Excellence Award, GHA (2017)
- Care Inspectorate – 86% of services were graded “excellent” or “very good” compared to an average of 47% in the care sector nationally.

