



**WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING**

**Wednesday 26 October 2022
10.30am
8 New Mart Road, Edinburgh**

AGENDA

Welcome to new director – Alison McLaughlin

1. Apologies for absence
2. Declarations of interest
3. a) Minutes of meetings held on 28 September 2022 and matters arising
b) Action list
4. Group CEO Update

Main Business

5. a) Customer voice and insight – planning framework
b) Update on transforming our repairs environment
c) Customer co-creation - whole family approach
6. 2023 rent setting- consultation and engagement approach
7. Review of new build appraisal target return rate
8. Bellgrove update – 12 months on (Presentation)
9. [redacted]
10. Annual Assurance Statement and Article updates

Other business

11. Winter resilience planning
12. Performance report
13. Finance report
14. Treasury update
15. Group legal services framework
16. AOCB

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Update on transforming our repairs environment

Date of Meeting: 26 October 2022

1. Purpose

1.1 The purpose of this report is to:

- provide the Board with an update on progress with the Repairs Transformation programme;
- update the Board on customer feedback and insight we have gathered to inform the next phase of the programme; and
- set out how the next phase of the programme will respond to customer priorities.

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 A strategic outcome in our 5-year strategy is '*Developing a customer led repairs service*'. A key focus for the next phase of the transformation programme has been gathering customer feedback and insight to inform us of our priorities for the next phase of the programme.

3. Background

3.1 The plan for transforming the repairs service approved by the Board in February 2022 had three inter-related elements:

- reducing the current number of live and overdue repairs jobs, so they return to normal pre-pandemic levels
- delivering 'quick wins' necessary to make a difference to the repairs service
- the wider transformation to an outstanding, modern service

3.2 It was agreed that the Board would continue to be updated on progress with each on an ongoing basis.

4. Discussion

Customer insight and feedback - a customer led repairs service

- 4.1. Our strategy is that our repairs service should be “customer led”. This means that we strive to deliver a service experience that addresses what customers tell us is important and their feedback about their experiences of the service. To inform the next phase of the repairs transformation programme, we sought customer feedback in a number of ways, as set out below.

Pulse surveys

- 4.2. During August, an independently delivered doorstep customer pulse survey was carried out, which included repairs satisfaction. This was to allow us to understand how satisfied our customers are with the service currently and, crucially, garner insight into what their priorities are for enhancing the service. The results across the group RSLs, based on the ARC indicator methodology of anyone who had received a repair in the last 12 months, were as follows:

| WH South | WH East | WH Glasgow | Loretto Housing |
|----------|---------|------------|-----------------|
| 78% | 78% | 70% | 58% |

The survey reaffirmed that repairs are the key driver of overall satisfaction. Tenants in every RSL were asked to rank their top three service priorities overall and repairs were ranked highest in all RSLs.

- 4.3. As part of the survey customers who were not fully satisfied with the repairs service were asked to provide feedback on the top areas for service improvements they would like to see. The feedback was consistent across all RSLs and Lowther tenants, with the priority improvements identified as:
- Better communication
 - First time fix (avoiding multiple visits)
- 4.4. Our analysis of repairs complaints reflects these issues. The common thread in all three categories is communication, namely keeping the customer up to date and informed from start to finish. We recognise that some repairs will require multiple visits or cannot be fixed first time, but the key underlying issue is that the way we communicate this to customers needs to be clearer.
- 4.5. The feedback from Lowther factored owners is consistent with tenants’ feedback, with the key owner specific issue relating to billing. This is, however, again a communication issue where owners are not always clear work has been completed when they are billed for it.

Customer First Centre repairs surveys

- 4.6. Over the course of August and September 2022, advisors from our Customer First Centre have been making weekly calls to a random sample of 100 customers who have had repairs carried out that week to ask how satisfied or dissatisfied they were with their repair experience, as well as their feedback on the experience.
- 4.7. While there is some variance in the weekly results, this has demonstrated an improving trend, with 88% satisfaction in September, up from 74% satisfaction in August. The range of incremental changes made in the last couple of months, such as stopping white mail, a new approach to managing drainage repairs and acceleration of medical adaptations, in particular showers.

- 4.8. As with the other customer surveys, the main causes of dissatisfaction have been due to “follow on” repairs and not always knowing when these will be undertaken due to poor communication. This is consistent with the pulse survey feedback in relation to multiple jobs and communication.

Families research

- 4.9. We know from previous segmentation of customer results that families generally report lower levels of satisfaction overall and our strategy included a commitment to better understand the drivers for this and respond to them. A separate paper sets out in more detail the research we have undertaken on this. In relation to repairs specifically, the research identified it as a common theme raised by families, in particular the following issues and priorities:
- the scheduling of repairs and keeping of appointments;
 - recurrent visits to resolve a repair;
 - better information about when tradesmen were coming; and
 - repairs reported in relation to mould and dampness were often those which customers felt hadn't been adequately resolved or required multiple visits
- 4.10. The feedback is consistent with the themes of the pulse survey, with the exception of mould and dampness being specifically identified.

Progress with existing programme and workstream realignment

Reducing live or overdue repairs

- 4.11. Addressing the number of live or overdue repairs was an immediate priority to give us the capacity to focus on the more transformational elements of the programme.
- 4.12. The number of live and overdue jobs was reduced to the target level in the transformation plan in July 2022, and since then has been maintained at a stable level. This is despite continuing demand for the responsive repairs service persisting at between 10% and 15% higher than pre-pandemic levels.

IT and systems

- 4.13. Following repairs web self-service (WSS) being resumed, the successful upgrade of Servitor and the planned Localz pilot it is essential that our IT systems coherently interact to underpin a smooth customer experience. We have established strong working relationships between the CBG and our own IT and digital teams, which are also fully integrated into the wider repairs' transformation programme Board.
- 4.14. The user experience testing we undertook with a small sample of customers on the WSS for repairs did indicate that they found it easy to use and book repairs through. As the WSS repairs offering evolves engaging customers will remain, as is set out later in the report, a key design principle.

Service and process redesign

- 4.15. This workstream is closely linked to the IT workstream with additional system functionality now providing the opportunity to improve current repairs processes.

- 4.16. 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. We have already successfully recategorised medical adaptations to improve completion timescales for customers.

Customer contact and communications

- 4.17. Following our review of customer feedback, including complaints learning, we identified some additional issues that needed to be addressed. One example was reducing the use of hard copy letters, which could in some situations arrive after the work has taken place (eg in the case of next day appointments) and greater use of text and telephone messaging in place of this.
- 4.18. We have now reviewed all customer contact and communications touchpoints via our complaints customer journey map. This was analysed in conjunction with the additional functionality our recently upgraded IT systems in Glasgow and Dumfries & Galloway provide, to create a refined strategy for customer communication.
- 4.19. In recognition of the importance of customer communications we have accelerated the pilot of the “Book it, Track it, Rate it” system, which will begin in Wheatley Homes Glasgow in November as a key element of the next phase of the programme.

Next phase and responding to customer feedback

- 4.20. The feedback from customers is very clear, we need to improve in the following 2 main areas:
- Communication
 - First time fix

The feedback received across RSLs consistently identified these issues as the main causes of dissatisfaction. The feedback did identify some geographical based factors as follows:

- The feedback on Wheatley Homes East did not identify poor communication as significant an issue as the other RSLs
- In DGHP, the main issues were identified as quality of repairs, multiple visits and quicker repairs. These can be partially explained by supply chain issues which have lead to delay receiving the necessary parts, which then impacted the ability to complete the repair. These supply chain issues are being addressed.

Book it, Track it, Rate it - Improved Communication

- 4.21. Communication was identified as a key area of improvement in the current Transformation Programme, and work to improve the systems we have in place for communication have been at the forefront of the work carried out over the past 6 months. The most recent customer feedback has only reinforced this requirement, and to reflect this we have accelerated the implementation of Localz, the system which will deliver the Book it, Track it, Rate it processes for our customers.

- 4.22. A pilot will commence in Glasgow next month and will focus on improving communication for customers, such as:
- text confirmation of appointments and subsequent reminders
 - live updates on the day of their appointment
 - real time tracking information of the repairs operative and how close they are to arriving
 - a mechanism to provide immediate feedback on the service post appointment
 - the option to request a call back to discuss the service (e.g., where they do not want to raise an issue directly with the repairs operative)
- 4.23. It is vital that customer feedback informs the Localz pilot, before it is rolled out across our customer base more widely. While the new system has the potential to be transformational in terms of communications, the focus of the pilot will be testing and verifying this with customers.
- 4.24. We will engage with between 70 and 100 customers throughout the pilot in a number of different ways, both digitally and face to face through focus groups. The engagement will focus on receiving feedback from customers on what worked well and what can be refined.
- 4.25. The pilot will be scaled up between November and January, using customer feedback as the trigger point for expansion. For example, in the event any material issues are identified as part of the feedback the pilot will not expand until these are addressed.
- 4.26. As the pilot concludes in January/early February and we plan for full implementation it is intended that Boards will hear direct feedback on the user experience from Customer Voices at the February all Board governance event.
- 4.27. As part of the full launch, we will also set a number of success measures, such as improving satisfaction, reducing calls to the CFC to check appointments and reducing no accesses. Specific proposals will be reported to Boards in February.

Web self service

- 4.28. Following online repairs being turned back on in August, we are focussing on how the service experience can be improved. Online repairs have the ability to allow customers to book appointments and provide automatic update for customers to remind them of when their repair is due.
- 4.29. Web self-service has the potential to allow customers to more easily and conveniently access information on their repairs. The key issue however is that the experience is slick, easy to use, accessible and has the information customers want.
- 4.30. A programme of surveying and engagement is commencing to get feedback from in excess of 2000 customers over the next few months to inform future improvements.

- 4.31. Any changes will, again, have success measures attached to them, such as the number of active users, the impact on calls to the CFC requesting information available via online repairs and satisfaction with the digital service. There is also a feature within WSS to allow customers to provide feedback.

First Time Fix and Follow-on Repairs

- 4.32. First time fix and follow-on repairs are consistent themes in all customer feedback. To improve communication for follow on repairs, we are establishing a new team of “repairs specialists” within the CFC who will be augmented by 6 CBG staff in this centralised team.
- 4.33. To improve customer communication for follow on visits we will ensure that our trades operatives receive additional training on how they clearly communicate what the extent of the repair is, together with what work they will be carrying out on the day, prior to commencing work. They will also clearly communicate to the customer what, if any, the next steps are.
- 4.34. Each customer will have a single, named contact for repairs which are complex such as those that have follow on works or require multiple trades from end to end. This person will be a technical specialist and their role will include maintaining communication with customers throughout, coordinating the appointments with customers and monitoring their completion.
- 4.35. The key principle in this process is that that one person ensures the customers interests and views are considered in the repairs process and that there are no longer any communication gaps, and the sole focus is on making sure the customer is well informed throughout.
- 4.36. We have also commenced an in-depth review of how we schedule, plan and organise repairs in order to improve the number of repairs we complete in one visit. This will include diagnostics and an analysis of jobs which have not been completed first time to understand if they could have been, if there had been more integrated planning.
- 4.37. Within the new reporting arrangements, we will track the number of jobs not completed in one visit and these will form part of a refreshed repairs performance framework. Part of this will also include a detailed analysis of the root cause, such as where it is related to a diagnostic issue or a job being more complex than anticipated. This will then provide us with the data to make improvements in areas such as diagnostics and planning.

Dampness and mould

- 4.38. The feedback from families on damp and mould has already been responded to in a number of ways. The Board agreed a new group wide policy and process for how we respond in this area. We have also subsequently set up a dedicated mould and damp team which is focussed on managing reported instances from end to end. This includes engaging relevant wraparound support such as fuel advisors.

Summary

- 4.39. Having reviewed the actions being taken by our repairs transformation team, in line with what our customers feedback with the repairs service, we will focus on improving our service in two key areas, communication and first-time repairs. As detailed above action will be focussed in these areas and will include:
- The introduction of Book it, Track it, Rate it for customers in early 2023.
 - Customer engagement through the pilot and implementation of Book it, Track it, Rate it, in November 2022
 - The promotion and continuing improvement of WSS by listening to customers from October 2022 to March 2023
 - A review and plan of how we can complete more repairs in one visit to be completed by January 2023
 - A review of customer communication where repairs require more than one visit, to be completed by December 2022
 - A review of communication where there are follow on repairs, to be completed by November 2022
 - Staff engagement sessions already planned for late October and through November focusing on outstanding service delivery
 - Continuing customer engagement through our stronger voices team on an ongoing basis
- 4.37. We will continue to provide the board with regular updates on the progress being made, for the next board update in February 2023 this will focus on following main points:
- Implementation of Book it, Track it Rate it
 - Outcomes of our customer engagement
 - On the implementation of Localz
 - On WSS
 - Staff engagement sessions
 - Customer Satisfaction Surveys
 - Proposals for improving the numbers of single visit repairs
 - Proposals for improving communication for multi visit and follow-on repairs
 - Proposals for the Wheatley Homes East and South Repairs Services

5. Customer Engagement

- 5.1 Engagement with customers has reaffirmed that repairs remain their number one service priority. Our approach to prioritising future improvements is being driven directly by what customers tell us is most important.
- 5.2 As we progress with the improvements a key element will be ongoing engagement with customers who will tell us if the changes are improving satisfaction.

6. Environmental and sustainability implications

- 6.1 Our repairs service looks to prolong the useful life of our assets through maintaining the various components parts in our properties. Doing so, reduces waste and avoids the need for major component replacement with the associated environmental impact of manufacture, transport and installation. Steps are also planned to reduce the environmental impact of the service including moving to an electric fleet and eliminating waste to landfill.

7. Digital transformation alignment

- 7.1 Delivering the Localz system is a key part of our digital transformation work and is part, along with online self-service, of introducing digital approaches to the repairs service.
- 7.2 The continued development of the Servitor system in Wheatley Homes South, together with a programme which is being developed for the introduction of this system in Wheatley Homes East, will also be part of our ongoing digital transformation work.

8. Financial and value for money implications

- 8.1 Our aim through the proposed approach to repairs service development is 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 associated with this report.

10. Risk Appetite and assessment

- 12.1 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).
- 12.2 The approach set out here is based on innovation through introducing Localz, continuous improvement and using customer feedback as a driver for innovation and service improvements.

11. Equalities implications

- 11.1 CBG has a specific aim to increase diversity in its workforce and is at the forefront of making positive change through the apprentice recruitment programme supported by Wheatley. 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 The key focus for the next phase of the repairs transformation programme is responding to the customer feedback and insight we have gathered through the pulse survey, families research and complaints analysis.

- 12.2 The immediate focus is the key themes of communication, first time fixes and better managing repairs requiring multiple visits. The introduction of Book it, Track it, Rate it, a specialist repairs team in the CFC, review of diagnostic and planning, and new performance measures are all geared towards responding to these themes.

13. Recommendations

- 13.1 The Board is asked to:

- 1) note the approach to the next stage of the repairs transformation programme in response to customer feedback; and
- 2) note that a progress update will be provided to all partner RSL and the Lowther Board in November, with a further update to the Group Board in February.

LIST OF APPENDICES:

None

Report

To: **Wheatley Housing Group Board**

By: **Hazel Young, Group Director of Housing and Property Management**

Approved by: **Steven Henderson, Group Chief Executive**

Subject: **Customer co-creation: Wheatley families approach**

Date of Meeting: **26 October 2022**

1. Purpose

- 1.1. This report provides an update to the Board on the customer engagement we have undertaken with families and the action we are taking to respond to their feedback.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the Group Board is responsible for setting group strategy and monitoring performance against strategic projects. The Chief Executive is tasked with implementing the strategy. This report provides an update on our consultation with families who are RSL tenants and provides detail of how feedback will direct our strategic approach.
- 2.2 The Group Strategy set out a clear priority to deliver improvements in satisfaction amongst families through refreshing our approach as part of the Delivering Exceptional Customer Service theme and the progressing from excellent to outstanding outcome. The customer segment of families was identified as our satisfaction results have tended to be lower amongst this group compared to other household types.
- 2.3 We have completed extensive research with families to ensure we understand and are informed by their views. This report sets out the proposals to address the recommendations arising from that research. The implementation plan will contribute to our strategic commitment to create a new whole families approach and to the following strategic indicators:
- Overall satisfaction amongst households with children improved to 90%
 - Overall customer satisfaction above 90%
 - 90% of customers feel they can participate in the Landlord's decision making

3. Background

- 3.1 Our strategy contained a commitment to understand more about what caused our families to be less satisfied with services than our other customers and to do something about this. Research with our customers was carried out by Neil Morland & Co through the spring of this year.

- 3.2 Customers have now been further involved in co-creating our implementation proposals. They will also be involved at a more granular level in the delivery of the actions proposed. This ensures that the customer voice is continually shaping development throughout delivery.
- 3.3 Almost 1,800 customers across our RSLs responded to the survey with 44 people participating in focus groups and individual interviews. A staff focus group was also held. Further engagement through our RSL customer panels has helped to shape the implementation plans. The research and the co-creation with customers on the implementation plans was carried out between February and August this year.
- 3.4 This engagement was designed to identify the high level issues which caused families to be less satisfied. The results will lead us to make changes to our strategic approach in some areas and help to confirm our direction of travel in other areas. This work concludes the whole families strategic project which was part of our strategic project workload for this year however, the implementation proposals outlined in this report will carry on throughout this year and into 2022/23. Families will continue to be involved in co-creating the detail of the implementation as outlined in this report.

4 Discussion

Customer insight and feedback

- 4.1 Families provided an extensive range of insight through the surveys and the focus groups. In addition to the answers to survey questions, people provided additional information which helped the researchers to pin down the detail of areas where customers were satisfied or dissatisfied.
- 4.2 The research established some clear strengths in our relationship with RSL tenant families. These included:
- A strong value placed on the relationship with the housing officer – analysis and further questions showed that if this relationship was strong satisfaction with other issues also tended to be higher.
 - An appreciation of the work Wheatley Group did during the Covid pandemic, including the distribution of vouchers.
 - High levels of satisfaction with the location of the home, relationships with neighbours, and the sense of safety and security.
 - Many customers felt that it was straightforward to contact Wheatley and get issues resolved. No issues were raised about access through the CFC.
 - Where customers knew about the wider help we could give they felt it was straightforward to access.
 - Customers valued the support the Group provide in relation to paying rents and to accessing benefits.

As part of the survey we asked the researchers to explore the extent to which satisfaction had changed following the pandemic. The results showed that 60% felt there was no change in their satisfaction. However, 28% felt that their satisfaction had declined.

- 4.3 Customers did also raise a number of challenges and issues which are addressed by the researchers' recommendations and which our implementation proposals seek to remedy.

4.4 The key issues were:

- Living in multi-storey flats was perceived as particularly challenging for families. Researchers explored what might make this better and items such as safe spaces to play and increased activities were raised but on the whole respondents felt that multi-storey living was far from ideal for families.
- Those in tenemental blocks also felt that these were challenging for families but with more specific issues. These included storage, door security, sound and thermal insulation and safe play spaces/back court issues.
- Those living in multi-storey flats or tenements recorded lower overall satisfaction rates and lower satisfaction across most questions than other respondents.
- Safe places for children and teenagers to play were raised as an issue across all families– this varied from areas where it was felt there were no facilities to those which were not felt to be safe. Many of these will not be directly owned or managed by Wheatley. Engagement in the RSL panels further backed this up with customers relatively consistently ranking it as their top priority. Another issue raised was that where there wasn't space or activities for teenagers they sometimes used playparks making these uncomfortable for young children.
- Customers identified the need for more larger family homes with issues being raised around overcrowding and the resulting difficulties this caused. The lack of larger homes in our stock means families can wait a long time for a suitable property. Larger families were on the whole more dissatisfied across a range of issues.
- Issues with repairs and maintenance were raised relatively frequently. In general, the issues were in relation to the scheduling of repairs – and keeping of appointments – and issues with recurrent visits to resolve a repair.
- While many of the respondents had no need to make a complaint there was a sense from some that making a complaint was not effective and that they remained dissatisfied with the outcome.
- There was potential to raise awareness of the range of help we can provide through our wrap around services, particularly those which are less directly related to our housing service as many families were unaware of these. Researchers did note that the level of awareness may well be impacted by whether families think they need specific services.
- While most people were satisfied with their safety, security and relationships with neighbours some felt that we could do more with our approach to anti-social behaviour.

Implementation

- 4.5 The implementation proposals have been developed through collaboration within the Group and further engagement with customers through RSL panel events. The proposals have been outlined below against each of our customer facing strategic themes.

Delivering exceptional customer service

- 4.6 Our customers highlighted the importance of the **relationship with their housing officer**. This was also a theme which emerged as part of the pulse survey feedback as a top priority for tenants more widely. We continue to develop and strengthen our new operating model in the light of that feedback. This ensures that Housing Officers are regularly visible on their patch and that all customers will receive a visit and property inspection at least once a year.
- 4.7 The new CFC approach means that straightforward requests can be dealt with immediately, freeing up Housing Officers to visit and call customers where there are more complex issues. This fits with the expressed preference from customers to communicate largely by telephone. The return to customer conversations post pandemic will also help us to pick up issues which may have developed where households have been in the home for a long time but have not felt the need to contact us.
- 4.8 The customer engagement around repairs largely confirms the need for a step change in our repairs approach, which we had already anticipated with the **Repairs Improvement Framework**. Customers told us they wanted much better information about when tradesmen were coming and better results for some repairs that seemed to require multiple call outs. This was the area of service that caused the most dissatisfaction to families. This view is replicated amongst other tenants although it may be felt more in households with multiple occupants. Our repairs improvement framework will mean:
- Customers can track the timescale for their repair;
 - Customers can give real time feedback on their repair which will be followed up rapidly;
 - Improvements in the diagnosis of repairs to limit multiple call outs;
 - Improved analysis of repairs trends which will benefit customers by targeting our investment and proactive work to prevent repairs occurring in the first place; and
 - CFC staff able to see live information on repairs to assist in conversations with customers.
- 4.9 In addition, we have recently developed a new approach to addressing mould and dampness issues in customers' homes. We know that this can be a significant issue to customers and is likely to be exacerbated by rising energy costs over this winter. The feedback from the families research showed that repairs reported in relation to mould and dampness were often those which customers felt hadn't been adequately resolved or required multiple visits.
- 4.10 Our staff can already prioritise repairs where there are children or those with disabilities in the accommodation. As a result of the customer feedback we will further review our guidance on prioritisation in conjunction with customers.
- 4.11 Customers identified some issues which could be improved by further strengthening our **communication** with them. The research identified that those households where there were disabilities or enduring medical needs were less likely to be aware of some of our information than other households. We will use our stronger voices framework and customer journey mapping to engage with our customers on all key areas of communication to ensure that these meet their needs.

- 4.12 The first priority in this area is the review of our access to housing processes which is already underway. Boards have approved the policy and work is now underway to test the customer journey and communications with our customers. We are increasingly using customer journey mapping across all our main services to ensure that customer access to services and information about services are directed by customer input.
- 4.13 Although many customers had not had to make a complaint, there was a suggestion from some that complaints either did not make a difference or that people were still dissatisfied after the response. It is difficult to assess whether this is a view about complaints in all areas of customer service or for Wheatley in particular. Nonetheless, as a Group we are already working to improve our complaints approach. As a result of the feedback from this research we will include the following items in that improvement plan:
- Improved information for customers on the trends in complaints and how these have helped us to improve services;
 - Increased staff training to improve the quality of our responses to complaints; and
 - More customer engagement in the development and review of complaints services.
- 4.14 In general our **wrap around support services** were regarded highly but the levels of awareness of these services was lower than we would hope for. As a result of the feedback we have received we will develop targeted campaigns to increase awareness, including consideration of extra information to those with disabilities/enduring medical needs. This will be particularly important in light of the cost of living issues that are prevalent over this winter.
- 4.15 Targeting support with paying rent and receiving benefits forms an important part of our new rent framework. Our rent campaign will include some key themes around benefits, advice and employability. It will provide information to customers about the specific increases in benefits that are available to many of them. We will specifically target those in arrears and/or who missed payments around Christmas last year with letters outlining our support options so that they can take these up as early as possible.
- 4.16 We will email our other customers to highlight all the wrap around services that are available to them this winter and throughout the year. We are also using our websites and social media to further promote our services, including input from customers who have used the services to provide real life examples. Housing Officers will focus on contacting customers with children to ensure they are getting the full Scottish Child Payment and the other benefits which are automatically passported from this.
- 4.17 Our customers view multi-storey flats as challenging for family living. While we will be able to reduce to some extent the proportion of our stock which is multi-storey many families will still be living in these homes. In order to consider how we can work with families to make things better we will undertake a pilot project to co-develop an activity framework for high rise living in an area with significant numbers of families. This will seek to maximise the usability of open space and the activities available to children within these homes.

- 4.18 A key aim will be to support customers in the creation of links with local activities and/or to develop specific activities in their area. This will include the help and support we might be able to give, for example through the use of a room, linking in to other organisations etc. This action will help to build community resilience in line with our strategic direction. It will also provide a potential template for strengthening links to activities in other communities.

Making the most of our homes and assets

- 4.19 Customer feedback on the challenges of living in flats was one of the most powerful elements of responses to this research. We will use this to reshape how we approach our **development programme** and to inform ongoing work with our existing homes.
- 4.20 Customers were clear that they found multi-storey properties the most challenging property type for family living. We are already reducing the volume of multi-storey blocks through the major regeneration of the Wyndford area and are developing further proposals which would reduce our stock of multi-storey and pre-war tenement homes by approximately 2,000.
- 4.21 Families will be heavily involved in the design process for the regenerated Wyndford area. This will ensure that our customers are involved with us in co-creating a community which is an exemplar for family living in urban areas. While families have traditionally been less engaged in consultation, we will work with existing family organisations in the area and use a variety of engagement methods to ensure it is easier for them to become involved. The research done for the families' approach demonstrates that we can get high levels of involvement with the right approach and targeting.
- 4.22 We will also increase the number of family, larger sized and adapted homes in our new developments. Over the remainder of this financial year we will work with the local authorities in our strategic areas to ensure that we have agreed targets for the amount of family and adapted housing to be developed for each area based on requirements and site availability.
- 4.23 Our community-led approach to development will be used to ensure customers are co-creating the design approach with us and we will ensure that this includes consideration of the needs of those with protected characteristics. We know from housing officers that autism is something that can create particular challenges for families living in our homes. This was substantiated by the research and we will ensure that this is also considered in our design proposals.
- 4.24 Our customers gave us clear feedback on some of the areas which are important in the design of our new homes which we will build into our developments wherever possible. While we already incorporate play/open space in line with planning requirements, we will look to go further where we can and also ensure that customers are involved in the design of these.
- 4.25 A key element will be considering how we make open spaces as family friendly and usable as possible, particularly in our bigger developments where there will be more potential for open space. This might include, for example, considering the sight lines from family housing to any open space and how that space can be more enclosed for safety, within the context of planning requirements.

- 4.26 Families also told us that they want more consideration to be given to storage, sound and thermal insulation. In order to further develop our customers' requirements we will work with families through our stronger voices engagement process in our detailed design guide process for both our homes and the open space which surrounds them. We will put particular emphasis on ensuring that the voices of those with disabilities and enduring medical needs are heard within that process.
- 4.27 The Equalities Impact Assessment which will be undertaken on our Design Guide will be a further practical way of ensuring that customers with protected characteristics are fully considered in all that we do.
- 4.28 We will also work with families in a pilot tenement area to co-create an approach to making existing tenements more family friendly. This will review what is possible in the areas of sound and thermal insulation but also areas of investment which may be more straightforward such as changing the nature of back court areas and door security. This will provide a template for future investment and further co-creation projects.
- 4.29 Customers placed a strong emphasis on places where children could play safely and on the need for activities for older children. These were important for child development and quality of life but also to help where families had limited space in the home, particular with the increase in home based work/education. This has been backed up by the further consultation on implementation with engagement panels.
- 4.30 Based on the input from customers, the research recommended an audit of safe places to play around our homes. This links to our strategic commitment to the development of a Wheatley Place measure which will assess community's strength and quality through a range of factors. Based on our customers' feedback we will include open and play spaces in that measure. This measure will help us to prioritise the factors that most need developed in each area. Customers will be further involved in the development of the Wheatley Place measure over the coming year.

Changing lives and communities

- 4.31 Our sector leading Community Improvement Partnership has delivered significant improvements in the safety and security of our neighbourhoods. Feedback from our customers showed that they were still concerned about certain issues, particularly related to drugs and to dog fouling. They also raised a sense of inconsistency in approach where they could be passed between Police Scotland and Wheatley Group. This was not an issue within the CIP but more with local police who were perhaps less aware of the partnership approach.
- 4.32 The feedback showed us that some issues might cause less dissatisfaction if communication was clearer – even in instances where we may be limited in what we can do to change the situation. This will be helped by the introduction of online feedback over the coming year.
- 4.33 In the meantime, our CIP team are going to undertake further focus groups with families to understand the issues in greater detail so that they can tailor their work and communications accordingly. They are also going to work closely with Police Scotland so that the joint approach is strengthened and customers feel there is consistency.

5. Customer Engagement

- 5.1 The initial survey was developed by Neil Morland & Co in conjunction with Wheatley Group to ensure it covered all aspects of the research. Using our existing information we were able to target the surveys to those households we knew had children under the age of 18. For the first time, we used text messages to alert people to the survey. The link to the survey was also placed on our websites and through social media. This approach proved extremely effective with almost 1,800 responses. This equates to a return of approximately 15% of those surveyed which is one of the highest return rates we have received.
- 5.2 To supplement the survey, focus groups and individual interviews were undertaken with a total 44 tenants involved. These allowed the researchers to flesh out the issues that were coming through in the survey.
- 5.3 In addition to the initial research, further consultation has been undertaken through the engagement panels run by for Wheatley Homes East, Loretto and Wheatley Homes Glasgow. The proposals will also form part of Wheatley Homes South sessions in October.
- 5.4 The RSL panels have provided positive feedback for the recommendations. We tested some of our proposals for implementation, particularly around safe places to play, activities, anti-social behaviour, and making flats more family friendly. Proposals were well received and while some area specific issues were raised the RSL panels were happy with the proposals.

6. Environmental and sustainability implications

- 6.1 There are no direct environmental and sustainability implications from the proposals at this stage. Any consultations and proposals which result in investment proposals will be assessed for these implications at that stage.

7. Digital transformation alignment

- 7.1 The key recommendations which relate to digital transformation are in connection with repairs and allocations. These proposals are already included within the repairs transformation and allocations policy projects respectively.

8. Financial and value for money implications

- 8.1 The proposals will be funded from within existing resources. They should ensure that we provide a more effective and efficient service to our tenant households which include children.

9. Legal, regulatory and charitable implications

- 9.1 There are no legal, regulatory or charitable implications from these proposals

10. Risk Appetite and assessment

- 10.1 The Wheatley Group's risk appetite level for operational delivery in the strategic outcome Delivering Exceptional Customer Service is open. This means we are keen to pursue opportunities to use digital services and platforms to improve the customer experience.

- 10.2 We should be able to demonstrate the benefits that these new digital approaches will make, including improvements to the control environment. The families project implementation will help to support development of digital services and to ensure that we are delivering the services our customers need.

11. Equalities implications

- 11.1 The implementation proposals include an equalities impact assessment for our development design guide. In addition, they include work to improve our communication and prioritisation for those with young children, with disabilities and with enduring medical needs.

12. Key issues and conclusions

- 12.1 This first stage of our families approach has ensured that a large number of our tenant families have been involved in directing our strategic and policy approach. They have worked with us to formulate implementation plans and the co-creation approach will continue in the future with more specific projects.
- 12.2 The work confirmed the need to prioritise our existing actions around repairs and complaints. On the basis of the engagement we are changing our approach in a number of areas including:
- Regeneration – reducing the volume of MSF and pre-war tenement flats and creating new communities which are more liveable for families
 - Development – increasing the proportion of larger, family sized and adapted homes and improving the level and usability of open space
 - Play and open space – including this as a key part of our Wheatley Place measure which will focus priorities for the development of communities
 - Work with pilot communities in existing MSFs and tenements to make these more family friendly
 - Further work with families on the impact of anti-social behaviour to ensure we can communicate better with them and meet their needs more effectively.

13. Recommendations

- 13.1 The Board is asked to note this report and how we are responding to the customer insight and feedback identified by the research.

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: 2023 Rent Setting

Date of Meeting: 26 October 2022

1. Purpose

1.1 This report:

- provides an update on the Cost of Living (Protection of Tenants) (Scotland) Act and the implications for planned 2023 rent increases in our RSLs and Lowther Homes
- sets out proposals for engagement and consultation with RSL tenants on rent increase options in the context of this legislation
- advises that discussions with the Scottish Government and the Scottish Federation of Housing Associations on the consultation approach are ongoing and the Board will be updated on these at the meeting

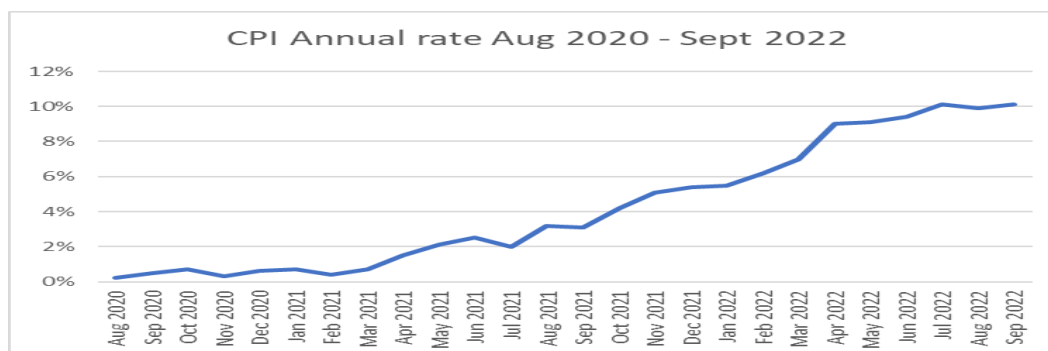
2. Authorising and strategic context

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

3. Background

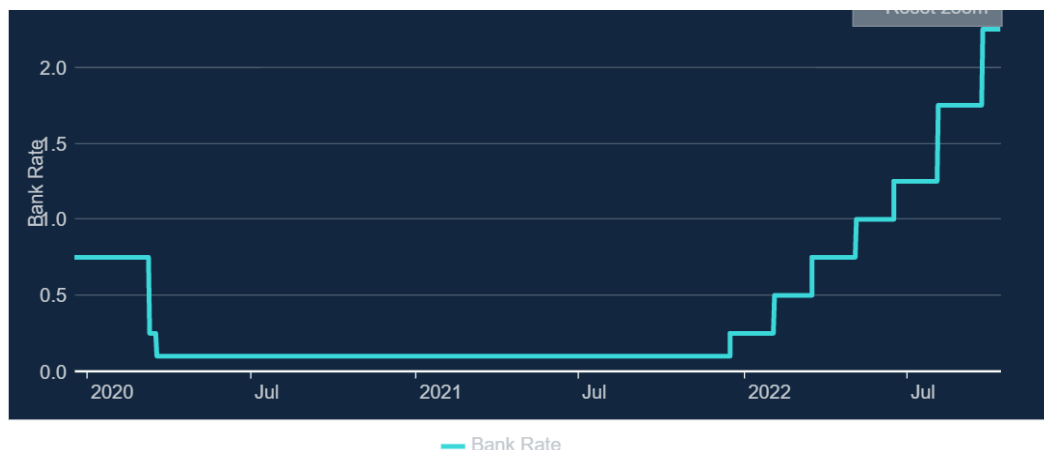
Economic context

- 3.1. The economic outlook in the UK continues to be challenging. Our business plan assumptions including those for future rent increases were reviewed in August and discussed at the strategy workshop. The most recent inflation figures show CPI of 10.1% with expectations that this will peak at around 11% in October 2022. Our cost base has been most notably affected by increases in the cost of fuel, utilities, insurance and building materials.



- 3.2. The introduction by UK Government of the Energy Price Guarantee for domestic supply was in part, aimed at reducing the level of fuel poverty that would have arisen from the October 2022 price cap increase and it has helped to reduce forecast peak inflation which had previously been expected to be in the region of 13%. While this limits the October increase, costs are double the level of winter 2021 and the UK Government has recently announced that support for energy bills will be reviewed after six months.
- 3.3 In response to inflation, the Bank of England has increased its base interest rate to 2.25%. More increases are expected between now and the end of the financial year, with rates expected to peak at 4.25% - 4.50%.

UK Base rate – 2020 - 2022



Cost of Living (Protection of Tenants) (Scotland) Act

- 3.4 The Cost of Living (Protection of Tenants) (Scotland) Act (“the Act”) was passed by the Scottish Parliament on 6 October. It confirmed a rent freeze until March 2023 and the Scottish Government must confirm by 14 January 2023 whether it proposes to retain the rent cap at 0%, increase it or remove it entirely. The rent freeze does not extend to cover service charges for any landlord.
- 3.5 For private landlords, the measures do not restrict rent changes between tenancies. There are also some protections should costs increase. Up to 50% of ‘prescribed costs’ which are mortgage interest payments on the property they are letting, landlords’ insurance or service charges paid for by the landlord but which the tenant is responsible for in accordance with the terms of the tenancy, can be sought. Decisions on whether such costs will be allowed are by a ‘rent officer’ who is part of Rent Service Scotland, which is part of the Scottish Government.
- 3.6 Our proposed approach to RSL tenant consultation based on the confirmation by 14 January is set out in more detail in this report. We are continuing to engage with the SFHA and Scottish Government on the practical implications of the Act.

4. Discussion

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

Affordability

- 4.2 Our average rents for 2021/22 are shown in table 1 below, alongside the Scottish Average and Scottish RSL averages now published for the same year. This shows that rents within Group vary, albeit our Group-wide average rent is around the Scottish average.
- 4.3 The rates are based on the latest available information via the Annual Return on the [Scottish Social Housing] Charter (“the ARC”) to the Scottish Housing Regulator. Dunedin Canmore rents are the highest in most categories, reflecting the legacy differences in rent structure in existence when it joined the Group. We have already agreed action in relation to this in terms of a lower rent increase assumption for Wheatley Homes East for the next two years.
- 4.4 Loretto Housing also have higher rents, particularly in smaller properties due to the inclusion of service charges for the provision of housing support.

Table 1: Group RSL Average Weekly Rents – March 2022 ARC Return

| RSL | Average Weekly Rent | | | | | Total Units | Overall Average Weekly Rent |
|-----------------------------|---------------------|---------------|---------------|----------------|----------------|--------------|-----------------------------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5 Apt | | |
| Dunedin Canmore | £107.04 | £97.81 | £107.53 | £116.13 | £123.20 | 5240 | £103.67 |
| WLHP | - | £87.87 | £94.44 | £100.54 | £108.65 | 763 | £94.06 |
| Loretto HA | £113.34 | £94.08 | £95.29 | £104.61 | £117.30 | 2394 | £97.22 |
| WH Glasgow | £73.64 | £83.96 | £89.63 | £103.98 | £113.92 | 42374 | £90.90 |
| WH South | - | £76.85 | £84.10 | £90.27 | £98.24 | 10026 | £84.12 |
| GROUP | £75.23 | £87.91 | £91.10 | £104.80 | £114.80 | 60797 | £91.17 |
| | | | | | | | |
| Scottish RSL Average | £80.86 | £87.79 | £89.82 | £99.08 | £109.33 | | £91.51 |

- 4.5 The UK minimum wage rose by 6.6% in April 2022. Over this year public sector pay has continued to be subject to industrial action and where increases have been agreed they have been higher than in previous years.
- 4.6 The Scottish Government has recently announced the Scottish Child Payment will rise from £20 to £25 per week, per eligible child, from 14th November 2022. Additionally, the criteria for the payment will expand for all eligible children (looked after by a guardian in receipt of a qualifying benefit) under 16, as opposed to the current age of under 6s.
- 4.7 The expansion of the Scottish Child Payment will have a significant impact for those families now eligible to receive £1300 annually for each child over the age of 6. Our analysis of the numbers of children and households across the Group suggests that 5341 further households may benefit.
- 4.8 We have used the joint Scottish Federation of Housing Associations (“SFHA”) /Housemark Rent Affordability Tool to assess how affordable our rents are. This tool allows us to calculate the *Rent as a percentage of income* for different customer groups most associated with different property sizes – summarised in Table 2 below.

Table 2: Customer Group and Property size combinations

| Customer Group | 1 Apt | 2 Apt | 3 Apt | 4 Apt |
|----------------------------------|-------|-------|-------|-------|
| Single Person | √ | √ | | |
| Single Pensioner | √ | √ | | |
| Couple 1PT 1FT /Pensioner couple | | √ | | |
| Couple 2FT | | √ | | |
| Single parent (2 Children) | | | √ | √ |
| Small family (2 Children) | | | √ | √ |

- 4.9 An in-depth affordability analysis of our social rents is set out in Appendix 1, using the SFHA/Housemark Tool. While the results are subject to the inherent limitations of the assumptions used in this Tool, and are necessarily generalised based on an assumption that no individual earns more than the UK government minimum wage, it provides a useful and prudent assessment of our position in each RSL and each part of the country. To correspond with the Tool's use of the minimum (living) wage from 1 April 2022 of £9.50, the analysis uses ARC Average rent 2021/22 uplifted by our rent increases in 2022/23.
- 4.10 At a Group-level, all customer group and property size combinations with the exception of Single person, 2 apartment are below a 30% rent to income ratio relative to the national minimum wage. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability have quoted a figure of 35% of net household income¹ as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income², then serious affordability issues may arise.

Table 3: Group Average Rents as a percentage of income

| Customer Group | 1 Apt | 2 Apt | 3 Apt | 4 Apt |
|----------------------------------|-------|-------|-------|-------|
| Single Person | 25.9% | 30.3% | | |
| Single pensioner | 23.6% | 27.5% | | |
| Couple 1PT 1FT/ Pensioner couple | | 20.2% | | |
| Couple 2FT | | 15.1% | | |
| Single parent (2 Children) | | | 19.6% | 22.6% |
| Small family (2 Children) | | | 14.9% | 17.2% |

- 4.11 A breakdown by each RSL is set out in more detail at Appendix 1. This shows that consistent with previous years, 1 apartment bedsits (including supported communal living / hostel accommodation) and one bedroom properties occupied by single people in Loretto and Dunedin Canmore appear to have higher rent to income ratios above 30%. For many supported tenancies, this is because service charges are in place to fund the housing support costs. These are paid for in almost all cases by housing benefit.

¹ <https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/>

²

<https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/1559583017920/Defining+and+measuring+housing+affordability.pdf>

Comparability

Glasgow

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

Table 4: Glasgow RSL average rents + service charges at March 2022 with 22/23 increase applied (Source ARC 2021/22)

| Glasgow >1000 | Average weekly rent by House Size | | | | |
|-------------------------------|--|---------------|---------------|----------------|----------------|
| Social Landlord | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Govanhill HA | £78.09 | £90.17 | £97.91 | £111.64 | £129.57 |
| Sanctuary Scotland HA | £67.55 | £83.99 | £97.29 | £106.84 | £114.78 |
| Whiteinch and Scotsctoun HA | £82.71 | £90.16 | £97.20 | £107.79 | £120.32 |
| Glen Oaks HA | | £90.28 | £95.73 | £104.00 | £128.32 |
| North Glasgow HA | £78.16 | £87.21 | £94.61 | £103.88 | £115.28 |
| Southside HA Ltd | £72.96 | £81.84 | £94.13 | £106.22 | £120.43 |
| WH Glasgow | £75.04 | £85.56 | £91.33 | £105.96 | £116.08 |
| Maryhill HA | £75.06 | £86.13 | £91.22 | £95.20 | £105.27 |
| Thenue HA | £70.40 | £83.95 | £90.51 | £103.44 | £110.05 |
| Queens Cross HA | £76.38 | £85.95 | £90.07 | £99.90 | £113.47 |
| Partick HA | £59.77 | £79.64 | £89.80 | £108.12 | £120.36 |
| West of Scotland HA | £92.16 | £85.47 | £89.69 | £98.25 | £109.57 |
| Parkhead HA | £58.11 | £72.19 | £89.64 | £98.48 | £121.47 |
| Linthouse HA | £72.37 | £78.97 | £88.74 | £97.62 | £107.78 |
| New Gorbals HA | £61.04 | £80.35 | £88.22 | £102.60 | £114.30 |
| Elderpark HA | £71.21 | £76.48 | £86.25 | £101.73 | £118.97 |
| Shettleston HA | £44.55 | £77.25 | £85.89 | £95.71 | £119.88 |
| Govan HA | £77.29 | £77.58 | £85.08 | £96.45 | £115.37 |
| Rosehill Housing Co-operative | £61.35 | £73.02 | £82.66 | £81.92 | £87.17 |
| Tollcross HA | | £70.09 | £78.67 | £95.33 | £106.59 |
| Milnbank HA | £56.41 | £64.35 | £72.77 | £84.07 | £87.64 |

- 4.13 Wheatley Homes Glasgow's average rents are similar to those of other providers in Glasgow with similar stock profiles, particularly given its wider service offering and the prevalence of multi-story flats ("MSFs") with the associated expense for 24/7 on-site presence (around ¼ of stock).
- 4.14 By way of further context, the rent increases for 2022/23, which are not incorporated in the ARC figures, show that Wheatley Homes Glasgow was the joint lowest in the city.
- 4.15 Loretto's figures are skewed by the levels of service charges for specialist supported accommodation and have therefore been excluded from the table above. When compared with other specialist RSL providers that focus on older people/supported housing such as Bield and Trust, particularly for one bedroom properties, Loretto compares favourably as shown in the table below.

Table 5: Specialist provider average rents + service charges *with 22/23 increase applied (Source ARC 2021/22)*

| Loretto - Supported | Average weekly rent by House Size | | | | |
|------------------------|-----------------------------------|---------|---------|---------|---------|
| Social Landlord | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Bield Housing and Care | £126.33 | £138.75 | £142.05 | £135.96 | |
| Hanover (Scotland) HA | £110.71 | £128.65 | £134.87 | £121.24 | £130.24 |
| Viewpoint HA | £105.25 | £123.23 | £124.33 | £146.94 | |
| Ark HA | £94.03 | £103.64 | £116.89 | £110.13 | £113.98 |
| Loretto HA | £115.49 | £95.87 | £97.10 | £106.60 | £119.53 |

- 4.16 As with Wheatley Homes Glasgow, Loretto's increase for 22/23 was lower than all comparators.

Edinburgh, the Lothians and Fife

- 4.17 Dunedin Canmore's rents reflect the higher rent profile of the Edinburgh market, and are around the median for social landlords in the city.

Table 6: Dunedin Canmore rents + service charges compared to other large Edinburgh Social Landlords *with 22/23 increase applied (Source ARC 2021/22)*

| Edinburgh, the Lothians and Fife | Average weekly rent by House Size | | | | |
|---------------------------------------|-----------------------------------|---------|---------|---------|----------|
| Social Landlord | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Viewpoint HA | £105.25 | £123.23 | £124.33 | £146.94 | |
| Manor Estates HA | | £107.05 | £102.00 | £106.17 | £125.76 |
| WH East (excluding WLHP) | £109.07 | £99.67 | £109.57 | £118.34 | £125.54h |
| Port of Leith Housing (Harbour Homes) | £79.43 | £98.89 | £110.03 | £122.97 | £132.60 |
| City of Edinburgh Council | £79.08 | £90.39 | £104.70 | £119.02 | £126.54 |
| Castle Rock Edinvar HA | £75.88 | £85.41 | £102.40 | £115.48 | £131.58 |
| Link Group Ltd | £75.65 | £85.09 | £95.63 | £100.71 | £113.53 |
| Prospect Community Housing | | £82.77 | £90.54 | £104.57 | £120.13 |

- 4.18 In West Lothian we recombined that our rents were comparatively higher and this was a major factor in the creation of Wheatley Homes East. The rent commitments as part of this will enhance comparability in future years.

Table 6: Dunedin Canmore and WLHP rents in West Lothian

| West Lothian | Average weekly rent by House Size | | | | |
|------------------------------------|-----------------------------------|--------|---------|---------|---------|
| Social Landlord | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| WH East (excluding WLHP) | £99.86 | £97.60 | £105.13 | £117.30 | - |
| Castle Rock Edinvar HA (all stock) | £73.24 | £82.44 | £98.84 | £111.47 | £127.01 |
| WLHP | - | £87.87 | £94.44 | £100.54 | £108.65 |
| Almond HA | £57.03 | £75.11 | £84.25 | £95.56 | £109.58 |
| West Lothian Council | £67.12 | £73.48 | £78.12 | £82.88 | £88.87 |

Dumfries & Galloway

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

Table 7: DGHP rents in Dumfries & Galloway with 22/23 increase applied (Source ARC 2021/22)

| Dumfries & Galloway | | | | |
|---------------------|--------|--------|---------|---------|
| Social Landlord | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Cunningham HA | £77.03 | £97.40 | £105.85 | £112.25 |
| Homes in Scotland | £80.99 | £97.91 | £104.00 | £111.44 |
| Loreburn HA | £90.01 | £96.74 | £102.50 | £116.14 |
| Irvine HA | £80.67 | £90.90 | £96.30 | £99.77 |
| WH South | £76.85 | £84.10 | £90.27 | £98.24 |

- 4.20 As with other RSLs in the group, the Wheatley Homes South increase was the lowest in the region and this will further enhance its position as the lowest in the region.

Financial Viability - RSLs

- 4.21 The Board discussed the financial implications of a rent cap on financial viability at its last meeting. This followed from the updated business plan which was presented at the August Board residential. The updated plan also created additional provision in 2022/23 for the Here For You Fund to help our tenants through the cost of living crisis which was funded through improved void and arrears performance in the year.
- 4.22 The business plan requires to maintain a balance between keeping rents affordable, maintaining the standard of our homes and ensuring the organisation remains financially viable. On a standalone basis, the impact of higher inflation and interest rates on our business plan would require rents to be uplifted by 6.5% in April 2023 in order to maintain our capital programme at the levels planned in the February 2022 business plan projections.

- 4.23 In looking to achieve the right balance between rent affordability and cost pressures, a number of assumptions have been made in the business plan in respect of costs we can defer or increasing savings targets, with a further £1.1m of cost reductions added.
- 4.24 Beyond these changes, the remaining key variable in our cost base is the programme of major capital investment in existing homes. The projections presented to the Board in February this year assumed this would be £42m next year, and a cumulative £132m over the next three years being the remaining period of our strategy (figures are excluding voids, capitalised repairs, capitalised staff and adaptations). A large proportion, over 30%, of spend every year relates to building safety and compliance and therefore must be delivered to meet our duties as a landlord. Compliance work includes electrical and fire safety works, TMV installations, heat and smoke heat detector replacements, boiler breakdown replacements and lift replacements.
- 4.25 Of the remaining 70%, which equates to around £29m per year, there is some scope to defer improvement works such as kitchens, bathrooms and common works, although this may have an impact on tenant satisfaction. However, given the current cost of living crisis, it is proposed that the difficult decision is made to defer an element of these works to beyond 2025/26 and into our next strategic period. The various rent increase points are shown below along with the associated reduction that would be needed to the capital programme whilst retaining provision for our compliance obligations:

| 2023/24 Core investment in existing RSL homes | | | | | |
|---|-------------------------------|---------------------------|--------------------------------|--------------------------|---|
| Rent increase | Required reduction in core £m | Revised core programme £m | Compliance /Health & safety £m | Total core investment £m | |
| 6.5% | - | 29.4 | 13.1 | 42.5 | |
| 6.0% | (1.0) | 28.4 | 13.1 | 41.5 | lower level of spend on customer voice projects |
| 5.0% | (3.6) | 25.8 | 13.1 | 38.9 | limited spend on customer voice projects & common works projects |
| 3.9% | (6.4) | 23.0 | 13.1 | 36.1 | reduced spend on the above plus lower spend on kitchens, bathrooms, pre 1919 tenemental works |

- 4.26 We are not proposing to include a rent freeze option in our consultation as this would involve over £12m of year-on-year cuts and require significant contingency measures to be enacted. These would involve reductions of a further £6m from our capital programme, retaining only sufficient capital budget to ensure we deliver our regulatory and legal obligations to keep our properties in good repair and to invest enough to meet SHQS. A similar level of savings would also be needed from reductions to frontline services and support we are able to offer tenants. While a 3.9% rent increase requires deferral of investment, a rent freeze would reduce our capital provisions and service levels every year on a permanent basis. On this basis, a rent increase of 3.9% is proposed as a reasonable balance between the competing challenges of affordability for tenants, in particular those who do not get their rent paid in full by the benefits system, and preserving the financial viability of the business plan.

- 4.27 In line with the August business plan update, the following rent increases are proposed:

| | Proposed 2023 rent increase | |
|------------|-----------------------------|---------------------------|
| WH Glasgow | 3.9% | |
| Loretto | 3.9% | |
| WH South | 3.9% | |
| ex Cube | 1.0% | in WH Glasgow and Loretto |
| WH East | 2.5% | incl ex WLHP |

The proposed increase for WH East is 2.5% maintaining the tenant promise we gave for ex WLHP and Dunedin Canmore rents in 2023, and this is the final year of the 1% rent increase commitment to ex Cube tenants.

- 4.28 The rent increase will raise £12m of rental income in 2023/24 of which two thirds or £8m is funded by UK Government through the welfare benefits system, with the balance of £4m paid by self-funded tenants. As part of these rent proposals we will continue to support tenants who pay rent without benefit support by providing a further £6m of funding for the Here For You Fund in 2023/24, creating a net financial benefit of £2m for those tenants.
- 4.29 Scottish Government rent cap legislation does not extend to service charges and these will be raised in line with the proposed increases in 4.27 irrespective of the decision on 14 January 2023.
- 4.30 [redacted]
- 4.31 [redacted]

Consultation

- 4.32 The consultation with tenants has in previous years set out the proposed increase with options for two 0.5% increments launched to initial focus groups followed by writing to all tenants. This year, the legislative context has introduced a challenge for us with discussions ongoing with Scottish Government about their expectations in terms of the form and basis of the consultation. We are contributing to this process through the sector representative body SFHA, and as part of the Scottish Government working group.
- 4.33 Our preference is to undertake a two-stage approach, with a wider reaching focus group approach compared to previous years made up principally from our Customer Voices. This will provide critical insight on our proposals, help address any confusion there may be around rents this year and allow us to more fully inform customers on the background to our proposals and the implications of a freeze. We would use this to inform our final written proposal to all tenants, following the Scottish Government's decision on 14 January.
- 4.34 Given the ongoing nature of the discussions with Scottish Government, there may be additional consultation requirements which we will need to consider. An update on the status of discussions and implications this may have on our approach to tenant consultation will be provided at the meeting.

5. Subsidiary Board Engagement

- 5.1 RSL and Lowther Board Chairs will be provided with an update on rent setting and discussions with Scottish Government to share with their board members in advance of the full subsidiary board meetings in late November.

6. Environmental and sustainability implications

- 6.1 No implications noted.

7. Digital transformation alignment

- 7.1 Tenants will once again be able to participate in the consultation through a wide range of means, both in person and digital. Responses will also be able to be emailed to the independent provider Civica. We will use a wide variety of digital and social media approaches to publicise the consultation.

8. Financial and value for money implications

- 8.1 We consider the proposed rent increase of 3.9% strikes a balance between affordability for our tenants during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business. To achieve this rent proposal additional cost efficiencies have been required as well as a decision taken on deferment of £6.4m of core investment spend out beyond 2025/26.
- 8.2 Should Scottish Government extend the rent cap at 0% beyond 31 March 2023 further financial contingency measures would require to be enacted. These would require permanent reductions in the capital programme, leaving only provision for the capital investment to meet our compliance, legal and regulatory obligations in respect of the quality of our homes only. In addition to this, the quality and frequency of core frontline services would also be adversely impacted.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1 The Group's risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward*".
- 10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "avoidance of risk and uncertainty is a key organisational objective".
- 10.3 The operating context is such that we need to manage the risk associated with not meaningfully consulting with tenants and the practical restrictions on how we conduct the process. To mitigate this risk to the extent possible we have an approach which:

- Ensures we have a strong customer voice in shaping our final consultation proposal;
- Does not formally consult tenants on a proposal which may be subject to change;
- Maintains agility and flexibility to respond as the Scottish Government's position solidifies; and
- Delivers Board decisions at the earliest possible point in the process.

11. Equalities implications

11.1 No implications noted.

12. Key issues and conclusions

12.1 Our consultation approach requires to be set within the context of the legislative position.

12.2 Our approach is based on maximising engagement with tenants and, to the extend possible, minimising the confusion for tenants, however our approach is subject to ongoing discussions with Scottish Government and may need to be adapted.

12.3 An update will be provided to the meeting on the status of these discussions and how that may affect our consultation plan.

13. Recommendations

13.1 The Board is asked to:

- 1) In the context of the current Scottish Government emergency legislation, approve the propose rent increase levels set out in this report;
- 2) Note the current position in relation to ongoing discussion with Scottish Government on rent consultation; and
- 3) Note that a briefing will be provided to RSL and Lowther board members via their respective Chairs.

LIST OF APPENDICES:

Appendix 1 – Affordability assessment using SFHA rent affordability tool.

Appendix 1 - Affordability Analysis, October 2022

To correspond with use of the minimum (living) wage from 1 April 2022 of £9.50, the analysis uses ARC Average rent 2021/22 uplifted by our rent increases in 2022/23. These figures are shown below.

| RSL | Rent Increase 2022/23 | |
|---|-----------------------|--|
| Dunedin Canmore | 1.90% | |
| WLHP | 1.90% | |
| Loretto | 1.90% | |
| WHG | 1.90% | |
| Dumfries & Galloway | 2.00% | |
| GROUP (Weighted increase by RSL stock units) | 1.92% | |

| RSL | 1 Apt | | 2 Apt | | 3 Apt | | 4 Apt | | 5 Apt | |
|-----------------|------------------------------|-------|------------------------------|-------|------------------------------|-------|------------------------------|-------|------------------------------|-------|
| | Uplifted by 2022/23 increase | Units | Uplifted by 2022/23 increase | Units | Uplifted by 2022/23 increase | Units | Uplifted by 2022/23 increase | Units | Uplifted by 2022/23 increase | Units |
| Dunedin Canmore | £109.07 | 37 | £99.67 | 2799 | £109.57 | 1689 | £118.34 | 597 | £125.54 | 118 |
| WLHP | - | - | £89.54 | 194 | £96.23 | 417 | £102.45 | 145 | £110.71 | 7 |
| Loretto | £115.49 | 93 | £95.87 | 912 | £97.10 | 970 | £106.60 | 372 | £119.53 | 47 |
| WH Glasgow | £75.04 | 2907 | £85.56 | 8438 | £91.33 | 21595 | £105.96 | 8166 | £116.08 | 1268 |
| WH South | - | - | £78.39 | 2775 | £85.78 | 4347 | £92.08 | 2601 | £100.20 | 303 |
| GROUP | £76.67 | 3037 | £89.59 | 15118 | £92.85 | 29018 | £106.81 | 11881 | £117.00 | 1743 |

The output, rent as a percentage of income, is shown in the following tables.

Dunedin Canmore:

| Customer Group | Size | | | | |
|-----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | 36.9% | 33.7% | | | |
| Single pensioner | 33.5% | 30.6% | | | |
| Couple 1PT 1FT / Pensioner couple | | 22.5% | | | |
| Couple 2FT | | 16.8% | | | |
| Single parent (2 Children) | | | 23.1% | 25.0% | |
| Small family (2 Children) | | | 17.6% | 19.0% | |

WLHP:

| Customer Group | Size | | | | |
|----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | | 30.3% | | | |
| Single pensioner | | 27.5% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 20.2% | | | |
| Couple 2FT | | 15.1% | | | |
| Single parent (2 Children) | | | 20.3% | 21.6% | |
| Small family (2 Children) | | | 15.5% | 16.5% | |

Loretto:

| Customer Group | Size | | | | |
|----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | 39.0% | 32.4% | | | |
| Single pensioner | 35.5% | 29.5% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 21.6% | | | |
| Couple 2FT | | 16.2% | | | |
| Single parent (2 Children) | | | 20.5% | 22.5% | |
| Small family (2 Children) | | | 15.6% | 17.2% | |

WH Glasgow:

| Customer Group | Size | | | | |
|----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | 25.4% | 28.9% | | | |
| Single pensioner | 23.1% | 26.3% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 19.3% | | | |
| Couple 2FT | | 14.5% | | | |
| Single parent (2 Children) | | | 19.3% | 22.4% | |
| Small family (2 Children) | | | 14.7% | 17.1% | |

WH South:

| Customer Group | Size | | | | |
|----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | | 26.5% | | | |
| Single pensioner | | 24.1% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 17.7% | | | |
| Couple 2FT | | 13.2% | | | |
| Single parent (2 Children) | | | 18.1% | 19.5% | |
| Small family (2 Children) | | | 13.8% | 14.8% | |

Group:

| Customer Group | Size | | | | |
|----------------------------------|-------|-------|-------|-------|--------|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Single Person | 25.9% | 30.3% | | | |
| Single pensioner | 23.6% | 27.5% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 20.2% | | | |
| Couple 2FT | | 15.1% | | | |
| Single parent (2 Children) | | | 19.6% | 22.6% | |
| Small family (2 Children) | | | 14.9% | 17.2% | |

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Review of new build appraisal target return rate

Date of Meeting: 26 October 2022

1. Purpose

- 1.1 To seek approval from the Board for a revision to the Group's new build development appraisal target rates of return.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, Wheatley Housing Group Board approval is required for key matters relating to the Group's financial and strategic framework. The Group Board retains strategic oversight of progress with the asset growth programme across the Group and the approval of the Group 5-year development programme.
- 2.2 The Board of Wheatley Developments Scotland Limited has operational oversight of the rolling 5-year Group Development programme, including approval of new projects, in line with the Board's terms of reference approved by the Wheatley Housing Group Board in August 2022.
- 2.3 The existing development appraisal approach and target rates of return were approved by this Board in September 2020 and are subject to formal review at least every three years. The acceleration of the review is in response to recent financial markets turbulence and uncertainty caused by Scottish Government legislation on rent-setting.
- 2.4 Our strategic objective to increase the supply of new homes must be delivered in the context of maintaining our strong credit rating and appropriately managing financial risks. The review of the target rates of return has been undertaken to ensure developments are financially viable in the changed economic and operational environment.

3. Background

- 3.1 We assess the financial consequences of new build projects using the concept of *discounted cash flow*. This involves estimating the long-term cash outflows and inflows from a project, then discounting the value of these by a higher amount the further they are in the future. This is a standard technique used to evaluate projects in order to reflect the time value of money – £1 received years in the future is worth less than £1 received today.

- 3.2 The discount rate we use is based on our cost of borrowing to ensure the net income generated from the development is sufficient to cover the cost of the borrowing we undertake for each project. We make assumptions on future inflation rates for each line of income and expenditure and include this in our 30-year cash flow projections. This is referred to as using *nominal* cash flows, as opposed to keeping them in today's prices. We also use a nominal discount rate, based on the *actual* interest rates we will pay (not discounting these by an inflation factor).
- 3.3 To ensure we have adequate headroom to absorb changes to our assumed future rental income or maintenance costs, we add a risk premium to the discount rate.
- 3.4 Our strategy is to hold all affordable rental properties in perpetuity and therefore we do not include any assumed value at the end of the 30-year appraisal period in respect of capital value growth as we do not assume we will sell the assets or realise this value.
- 3.5 In order to proceed with a project, the sum of the discounted future cash flows (known as the Net Present Value – 'NPV') must be positive. This means, based on our assumptions, that the income stream (rent) will be greater than the associated costs (net build cost plus future maintenance costs), making the project cash generative over the 30-year appraisal horizon. This methodology is in line with industry standards.
- 3.6 There may be exceptional cases where we wish to proceed with a project which does not meet the target internal rate of return ("IRR"). An example might be where a project is of very high strategic importance to a local community or Strategic Housing Authority. In such cases we will also assess whether the project still covers our base cost of funds and is therefore expected to break-even, but we are accepting a reduced risk margin. We allocated an amount of money in our RSL Borrowing Group business plan to contribute to such projects if needed, known as the "group development fund".

4. Discussion

(i) **Current return targets (agreed in September 2020)**

- 4.1. We last formally reviewed our assumptions on discount rate and risk premium in September 2020. The Board agreed to set the following target hurdle rates:

| Wheatley Subsidiary | Tenure | IRR Target Rate | Timeframe |
|---------------------|------------|-----------------|------------|
| RSL Borrowing Group | Social | 5.7% | 30 years |
| | MMR | 5.7% | 30 years |
| WH-South | Social | 5.7% | 35 years |
| | MMR | 5.7% | 35 years |
| [redacted] | [redacted] | [redacted] | [redacted] |
| | [redacted] | [redacted] | [redacted] |
| | | [redacted] | [redacted] |

- 4.2. The Board agreed to set the target IRR at 5.7% over 30 years for social and mid-market rent for the majority of the development programme; representing Wheatley Homes Glasgow, Wheatley Homes East, Loretto and Lowther Homes' new build activity. Wheatley Homes South had the same hurdle rate, but a longer period of 35 years to reflect the additional expense of building in a rural location without the economies of scale enjoyed in the central belt.

4.3. [redacted]

4.4. The assumed risk margin in 2020 was 0.6% over the relevant weighted average cost of debt in the 30-year business plan, this was included in the 2020 5.7% target IRR.

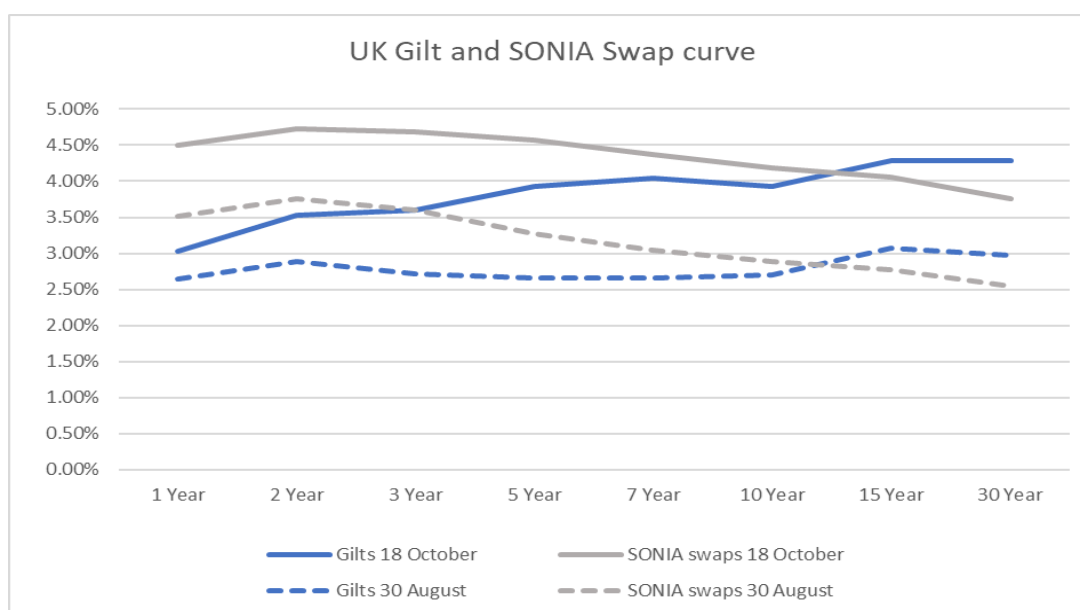
(ii) Current market conditions

4.5. Our assumptions on rent increases and funding costs are primary elements in the appraisal of development projects. Our business planning assumptions set out our anticipated future base cost of funds. These rates, particularly in the short-term out over the next three years, have been rising gradually since inflation became embedded in the UK economy earlier in 2022.

4.6. Interest rate expectations have risen over recent months. Inflation is now expected to peak in October at around 11% and expectations for short term interest rate increases are forecast to peak around 4.25% - 4.50% by the end of the 2022/23 financial year. The Scottish Government announcement on rent controls in early September has also introduced uncertainty around the level of rent increases that we may be able to apply in future, especially on mid-market and full market rental properties in Lowther.

4.7. The target IRR rates and the risk margin percentage across social and mid-market developments require to be set at a level to ensure we do not approve development projects which fail to meet our internal hurdle rate and/or are loss-making or damaging to the business plan over the appraisal timeframe. The appraisal of development projects using the current hurdle rates requires to be re-assessed due to this upwards shift in UK interest rate expectations and the potential for Scottish Government rent controls to limit future rent increases.

4.8. Our external treasury risk consultants, Chatham Financial, provide periodic updates for interest rate and inflation assumptions for use in long-term business planning. The most recent interest rate expectations are set out in the graph below which shows the movement in gilt and swap rates since the August Board meeting and 18 October 2022.



Source: Chatham Financial

- 4.9 While this shows an increase in SONIA projected rates in the short term, this reduces over the longer term to a rate below 4.00% beyond year 20. This is representative of our time frame for longer term funding arrangements, with our lenders using SONIA as the base rate. Gilts level off longer term and remain below 5.00%. We include our business planning assumptions for interest rates and inflation used in the August 2022 Board update, in Appendix 1. These use a prudent assumption for longer term base interest rates of 5.00% which despite expectations of short-term rate increases still provide a good level of headroom when compared against the most recent longer term forecasts.
- 4.10 Our valuers, JLL, have not made any amendment to the discount rates used for their appraisals of our asset values for annual accounts and security charging exercises. These remain at 5.75% - 6.50% for EUV-SH valuations and 7.00% - 7.50% for MV-T appraisals. JLL are currently finalising a stock validation survey exercise across our RSLs. The results of this will be used to confirm the level of capital investment in our business plan and the associated management and maintenance assumptions used in our new build project appraisals. This will be available for the proposed reassessment of the IRR in April 2023. Current assumptions used by JLL are set out in Appendix 2.

(iii) October 2022 review of return targets

(a) RSLs - social rent development

- 4.11 Wheatley Homes South joined the RSL Borrower Group funding arrangements on 1 April 2022, and therefore all Wheatley RSLs now borrow on a pooled basis from our treasury vehicle, Wheatley Funding No.1 Limited ('WFL1'). The weighted average current and future cost of funds for the RSLs is based on different sources of funding within WFL1; from legacy bank loans, Revolving Credit Facilities, Private Placements, aggregated bonds from THFC, EIB funding and capital markets issuance.
- 4.12 The discount rate for new developments considers the marginal cost of the debt used to fund the project. i.e. what the future cost of funds will be, as well as the existing non-utilised funding we have in place (i.e. our undrawn RCFs). Our long-term business planning assumptions, beyond 2025/26 remain unchanged and are still prudent and reasonable, however, there is a clear increase in base rates in the short term. The effect of higher rates payable on projected new build investment over the next three years is set out in the table below:
- [redacted]
- 4.13 This shows that short term interest rate increases uplift the cost of new build funding by 0.2%, based on taking a weighted average of interest rates over the next three years compared to our previous assumption (noting that the rates quoted are SONIA rates before the addition of lending margin). Given our longer term assumptions remain prudent, no change is proposed to the IRR target for future funding in the period beyond 2026.

- 4.14 In considering the level of appropriate risk margin, it is appropriate to increase this to reflect the current level of uncertainty around the level of future rent increases following the introduction of the rent cap legislation by Scottish Government. The capping of rent increases to c3%, which remains a significant possibility, would reduce the return on new build appraisal projects by 0.2% which would increase the risk premium from 0.6% to 0.8%.
- 4.15 We propose an increase to the IRR target of 0.2% to provide for short term interest rate increases and an increase of 0.2% to the risk premium in recognition of uncertainty around rent. This increases the overall IRR hurdle from 5.7% to **6.1%** for social housing development in the RSL Borrower Group.
- 4.16 Wheatley Homes South has previously used the same hurdle rates, but with a longer appraisal period of 35 years. No changes are proposed to this approach.

(b) [redacted]

4.17 [redacted]

4.18 [redacted]

4.19 [redacted]

4.20 [redacted]

(iv) **Implications for grant levels**

- 4.21 The table below provides an indication of the impact the proposed increase in the target rate will have on the grant requirement for generic social rent and MMR developments. This is based on our standard assumptions as set out in Appendix 2, our latest business plan assumptions on rent increases and benchmark rents for a 2 bed RSL home in an urban area. Using these assumptions, the additional grant requirements (per unit) are set out below:

| Impact of change to IRR target rate | | |
|-------------------------------------|---------|------------|
| Hurdle Rate | Social | MMR |
| 6.1% / 6.3% | +£2,981 | [redacted] |

- 4.22 The actual impact will depend on property size, rental income and other scheme specific factors but as an indication, to meet the proposed target IRR of 6.1% social rent developments will require an additional £3.0k of grant per unit and for a target of [redacted].
- 4.23 A number of projects are at an advanced stage and these have been reviewed using the proposed higher IRR hurdle. Discussions on securing additional grant have been positive.

5. Customer Engagement

- 5.1 No direct impact on customer engagement.

6. Environmental and sustainability implications

- 6.1 No direct impact on environmental or sustainability implications.

7. Digital transformation alignment

- 7.1 No direct impact on digital transformation.

8. Financial and value for money implications

- 8.1 The approach set out in this paper is designed to ensure that development schemes generate sufficient return to cover the cost of the funding required to deliver them and there is no subsidy by existing tenants over the long term.
- 8.2 The emergency legislation from Scottish Government via the Cost of Living (Protection of Tenants) (Scotland) Act 2022 gives rise to the potential of a material impact on our financial projections should the recently introduced rent cap of 0% which is in place until 31 March 2023, be extended. Scottish Government have committed to providing clarity on the level of rent cap by 14 January 2023.
- 8.3 Recent financial market turbulence in response to embedded inflation and confusion resulting from unfunded tax cut commitments has resulted in significant increases to interest rate expectations. While the majority of the Group's debt (90%) is subject to fixed rates, the variable rate debt is adversely impacted as a result of higher short-term rates and the anticipated cost of funds on future debt will be more expensive than previously expected over the next 24 months. While shorter term rates have increase, longer term forecast rates remain within our long-term business plan assumptions.
- 8.4 The hurdle rates set out in this paper accommodate the current rent uncertainty and the increase in future funding rates. Given the level of volatility present in the markets at the current time we propose to review the appraisal criteria for new build projects and present a further update to the February Board meeting. This will also allow for the inclusion of the confirmed Scottish Government position in relation to rent increases for 2023/24.

9. Legal, regulatory and charitable implications

- 9.1 No direct legal, regulatory or charitable implications.

10. Risk Appetite and assessment

- 10.1 Our 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 The project appraisal methodology we adopt for new build projects has to provide sufficient mitigation to the risks that operational assumptions turn out to be inaccurate – for example on rent levels or repairs costs, and that the net cash flow from the project is sufficient to service borrowing costs. We have addressed these risks by:

- Using prudent assumptions on rents and costs, with periodic benchmarking against our actual experience and that of external experts; and
- Allowing for a risk margin in our target appraisal rate of return, above the assumed “base” cost of borrowing.

11. Equalities implications

11.1 No direct implications on equalities.

12. Key issues and conclusions

- 12.1 The differentiated return rates reflect the specific circumstances of each part of our Group from tenure type to geography. The amendments proposed to our target return rates for new build schemes reflect the current uncertainty created by the rent cap legislation as well as the likelihood of increases to short term borrowing costs for future funding requirements.
- 12.2 All uncommitted development projects will be subject to re-appraisal based on the proposed revised hurdle rate (by tenure and subsidiary as appropriate) with immediate effect.
- 12.3 The IRR hurdle rate will be reassessed again in February 2023 when the outcome of the 2023/24 rent setting consultation and Scottish Government rent cap is known.
- 12.4 Our longer term business plan interest rate assumption of 5.00% still provides a good level of headroom when compared against market forecasts.
- 12.5 Subject to approval, the results of this IRR review will be presented to the Wheatley Developments Scotland Board at its next meeting in November.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Approve the revision to the IRR target rate for RSL Borrowing Group (excluding Wheatley Homes South) social housing projects to 6.1% over 30 years;
 - 2) Approve the revision to the IRR target rate for social housing projects in Wheatley Homes South to 6.1% over 35 years;
 - 3) [redacted]
 - 4) Agree that these arrangements be subject to formal review by the Board following a decision by Scottish Government on the level of the 2023/4 rent cap as set out by the Cost of Living (Protection of Tenants) (Scotland) Bill and thereafter, at least every three years to reflect changes in our future interest rate assumptions.

LIST OF APPENDICES:

Appendix 1 – Wheatley Group business plan assumption rates (August 2022)
 Appendix 2 – Wheatley Group development appraisal assumptions

Appendix 1: WHG Business Planning Assumptions

a) Inflation assumptions

| Assumptions | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-------------------------|---------|---------|---------|---------|
| CPI (Chatham)* | 8.78% | 5.25% | 3.25% | 2.00% |
| CPI (Bank of England)** | 13.10% | 5.50% | 1.40% | 2.00% |
| Cost Inflation | 7.30% | 5.50% | 3.00% | 3.00% |
| Pay Uplift | 3.50% | 7.00% | 3.00% | 2.00% |

b) Interest rate assumptions

| Assumptions | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--|---------|---------|---------|---------|---------|
| August 2022 Base Case | 2.25% | 3.50% | 3.50% | 4.50% | 5.00% |
| Market Expectations (Natwest 17.10.22) | 3.00% | 4.25% | 4.00% | 3.75% | 5.00% |

Appendix 2: Wheatley Group development appraisal assumptions

| | Social | MMR | |
|--------------------------|---|------------------------------------|--|
| Development Cost | £146,500 | £166,500 | Calculated to return positive NPV on |
| Grant Income | £78,000 | £53,500 | 3p benchmark RSL Urban excluding additional amounts |
| Private Finance | £68,500 | £113,000 | |
| | | | |
| Rental Income | £4602 per annum (benchmark 3P) | £7800 per annum, 2 bed LHA Glasgow | |
| Rent Increase | General per BP i.e. 3.9%, 3.7%, 3.5%, 2.9% thereafter | 2% per annum | |
| Voids & Bad Debts | 1% | 1% | |
| | | | |
| Management Costs p.a. | £340 | £340 | |
| | | | |
| Reactive Repairs p.a. | | | |
| - Yrs 1-5 | £240 | £240 | Should vary by property type i.e. houses, flats, high rise etc |
| - Yrs 6-10 | £300 | £300 | |
| - Yrs 11-15 | £330 | £330 | |
| - Yrs 16-30 | £360 | £360 | |
| | | | |
| Cyclical Maintenance | | | |
| - Yrs 1-5 | £120 | £120 | Should vary by property type i.e. houses, flats, high rise etc |
| - Yrs 6-10 | £150 | £150 | |
| - Yrs 11-15 | £180 | £180 | |
| - Yrs 16-30 | £240 | £240 | |
| | | | |
| Major Repairs (30 years) | £18,966 | £18,966 | |
| Landlord Registration | N/A | £3.24 | |
| Marketing | N/A | 300 | |

Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Annual Assurance Statement and Articles update

Date of Meeting: 26 October 2022

1. Purpose

1.1 This report seeks the following approvals:

- Annual Assurance Statement confirming material compliance with the Scottish Housing Regulator's Regulatory Framework; and
- changes to our Articles of Association for approval by the members at a general meeting.

2. Authorising and strategic context

2.1 In accordance with the Companies Act and our Articles of Association, any changes require to be approved by the members in general meeting. The Scottish Housing Regulator ("SHR") requires the Board to approve our Annual Assurance Statement ("AAS").

2.2 Changes to Articles relate only to Board composition and are the final part of the implementation of our governance review. The AAS is a regulatory requirement; however the self-assessment process provides us with an opportunity to reflect on how we achieve the objectives and seek out opportunities to for continuous improvement.

3. Background

3.1 The Board considered and confirmed the reduction in size of our Board over the three-year period beginning in 2021. The Board reduced to 14 following the 2021 AGM and has now reduced further to 11. We are now seeking to formalise this change through the adoption of updated Articles of Association. It should be noted Board membership is always continually tracked against our approved skills matrix.

3.2 The reduction in Board composition is managed to ensure that we continue to have Board members with a range of skills and experience to enable us to continue delivering for the Group and its stakeholders while continuing to meet our regulatory and legal requirements.

4. Discussion

Annual assurance statement

- 4.1. Each year we are required to provide a Group statement about our compliance with the SHR's Regulatory Framework ("the Framework"). The requirement for groups such as ours is to have one statement that covers all RSLs. It is for us to determine how to conduct the assurance exercise, but it should enable us to reach an objective and evidence-based judgement on compliance, with sufficient evidence and information and independent assurance where necessary

Self-Assessment

- 4.2. We carried out a self-assessment of our compliance against the regulatory standards and the requirements set out in the Framework. Consistent with previous years, as part of this process we developed an evidence base to support the determinations within the self-assessment. In order to provide an additional layer of assurance, the self-assessment and supporting evidence was subject to an independent review by our Assurance Team.
- 4.3. The SHR requires our statement to be short and succinct, either confirming compliance or otherwise. The SHR's guidance also explains that it requires areas for improvement to be recorded in the statement, but only where these are of such materiality and significance that we are unable to say confidently that we are complying with a particular requirement.
- 4.4. In assessing materiality, we have based this on the SHR's Statutory Guidance which states we should consider whether the issue could:
- seriously affect the interests and safety of tenants, people who are homeless or other service users;
 - threaten the stability, efficient running or viability of service delivery arrangements;
 - bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
 - in the case of RSLs, put at risk the good governance and financial health of the organisation.
- 4.5. A copy of the self-assessment and details of the evidence supporting the assessment is attached at Appendix 1. Following our self-assessment and review by the Assurance Team, there are no areas of material non-compliance. Having reviewed the requirements, evidence available and supporting commentary the Assurance Team concluded that:
- The commentary adequately addresses the SHR requirements;
 - The evidence supports the commentary; and
 - Compliance conclusions are supported by the commentary and the evidence provided

- 4.6 The Assurance Team also identified some areas for continuous improvement, which are now underway. These relate to staff training for complaints handling, annual update of staff registers of interests, and formalising a written procedure for publication of board reports and minutes.

Equalities and Human Rights

- 4.7 The Board has received a number of updates on our approach to equalities and human rights during the course of the year. As explained in those previous reports, the SHR has worked with a number of bodies to produce guidance on equalities data collection and is working with the Scottish Human Rights Commission to develop a briefing on the risk to housing. The SHR also wrote to all landlords on 29 July 2022 and asked that landlords provide “*assurance that you have or are in the process of implementing an effective approach to the collecting of equalities information and are considering how you can adopt a human rights approach as you work*”. Following the publication on 27 June 2022 of sector guidance on equalities data collection we moved quickly to issue our monitoring forms to customers.
- 4.8 During the period covered by the AAS we have taken significant steps to enhance our approach to equalities. This has included: writing to every tenant asking them to provide us with equalities data; agreeing new diversity markers for Board composition; approving an updated Equality, Diversity and Inclusion and Human Rights Policy; agreeing the implementation of our new policy framework including Equality Impact Assessments for certain key policies; and launching, Different Together, to celebrate inclusion for everyone at Wheatley. As such we have taken significant steps towards enhancing our compliance with the regulatory requirement to: *pay due regard to the need to eliminate discrimination, advance equality and human rights, and foster good relations across the range of protected characteristics in all areas or [our] work, including [our] governance arrangements.*

Social Housing Charter

- 4.9 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the Statement requires us to also include a statement of compliance with the Charter. A copy of the outcomes is attached at Appendix 2.
- 4.10 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the standards in the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter.
- 4.11 The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. It is not a requirement to conduct this survey annually therefore our approach for this year does not impact our compliance.

- 4.12 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework. One issue that was identified in previous years and has been Wheatley Homes South's ("WH-S") Scottish Housing Quality Standard ("SHQS") and Energy Efficiency Standard for Social Housing ("EESH") compliance levels.
- 4.13 As noted in last year's statement, the stock numbers not fully compliant represent less than 2.5% of our overall stock. As such, it was agreed this was not 'material'. The pandemic severely impacted our programme in the South and full compliance was expected to be achieved by June 2022.
- 4.14 Currently, 99.91% of WH-S stock is compliant with SHQS (including exemptions - 0.17% and abeyances - 4.51%). The failures of 0.09% relate to 9 properties requiring further structural surveys and works. These works are complex and as the properties are safe and habitable they are programmed for the 2023/24 financial year. As such, this continues to be non material.
- 4.15 The requirement to evidence renewal of EICRs has changed from a 10 year to 5 year lifecycle. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved the properties are reported as in abeyance in our Annual Return on the Charter. In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS then this should be identified in the AAS, including timeframe for completing all due EICRs. We have included a note to confirm that approximately 2% of properties are recorded as not having an up to date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued so that all properties have a valid EICR by the end of the reporting year (31 March).

All relevant legislative duties.

- 4.16 This requirement of the statement is, by its nature, very wide ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by expert internal staff and, where appropriate, by external advisors.
- 4.17 In order to monitor compliance, we operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm the Group's meeting legal obligations.
- 4.18 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC.
- 4.19 We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.

- 4.20 The pandemic has impacted our legislative duties, such as through new acts introduced and derogations granted to existing legislation. These changes have been monitored on an ongoing basis and have been supported by updates to the Board on the substance of the changes and how we will comply with them.

2022 Assurance Statement

- 4.21. Based on the above, the Board is asked to approve the following Statement which will be signed by the Chair:

The Group Board considered evidence at its meeting on 26 October 2022 and confirmed we have appropriate assurance that all Registered Social Landlords which are part of Wheatley Housing Group Limited (being Wheatley Housing Group, Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South and Loretto Housing Association) materially 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*
- *taking into account the guidance and restrictions relating to the Covid 19 pandemic over the course of the reporting period, all relevant legislative duties*

The Group Board confirms that we are making strong progress in relation to the collection of equalities information and human rights and have sought to collect equalities data from all tenants in line with the National guidance for Scottish social landlords.

The requirement to carry out Electrical Installation Condition Reports has changed from 10 to 5 years. Approximately 2% of properties are recorded as not having an up to date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR.

Articles of Associations changes

- 4.22 Following the 2022 Annual General Meeting we have now made the changes to the Board membership agreed as part of the strategic governance review. This included reducing the number of Non-Executive Directors, removing the Group CEO as a company director and reducing the number of subsidiary chair directors following the creation of Wheatley Homes East.
- 4.23 The revised Board composition to be incorporated into our Articles is as follows:
- 6 Non-Executive Directors
 - 5 Subsidiary Chair directors
 - Up to two co-opted directors
- 4.24 In order to formalise these changes, we require to update our Articles of Association. The Board is asked to agree that we call a Special General Meeting (immediately after the December Board meeting) to formally pass a resolution change the Board composition.

4.25 The retention of the two co-opted directors gives us flexibility to appoint additional Board members with specific skills, experience and knowledge. One area we may wish to consider using this flexibility is how we retain the customer voice, particularly with the Wheatley Homes Glasgow Chair's retirement planned scheduled to retire at the 2023 AGM.

4.26 It is intended that the Group RAAG Committee will consider this in further detail at its next meeting in light of the recent partner Board recruitment and succession plan updates. Proposals will be brought back to the Board in due course for consideration.

5. Customer engagement

5.1 Customer engagement forms a significant part of our strategy. The AAS will be communicated to customers as part of the annual report to tenants.

6. Environmental and sustainability implications

6.1 As set in the report, given the significance of this area it is intended this is reflected in our governance arrangements in future. This includes dedicated focus via the Wheatley Solutions Board coupled with a themed Board meeting during 2022.

7. Digital transformation alignment

7.1 There are not digital transformation implications arising from this report.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The report independently confirms that we have strong governance arrangements and provides evidence to support our compliance with the SHR regulatory framework.

9.2 Our Assurance Statement has been independently reviewed by our Internal Audit team and is supported by detailed evidence of our compliance.

10. Risk appetite and assessment

10.1 Our agreed risk approach 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 is 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 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.
- 10.4 The strategic governance review engaged independent expertise to review our governance arrangements and make recommendations for how they can be further refined to continue to mitigate this risk. Additionally, our Internal Audit team, working with independent experts, have undertaken a review of our AAS self-assessment. This included reviewing the evidence which supported the self-assessment.

11. Equalities implications

- 11.1 The self-assessment process for the AAS confirms that we are making strong progress in relation to the collection of equalities information and human rights.

12. Key issues and conclusions

- 12.1 Following the self-assessment process and internal review by the Assurance Team, we have identified no areas of material non-compliance that require to be disclosed in the AAS.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Approve the 2022 Annual Assurance Statement for submission to the Scottish Housing Regulator; and
 - 2) Approve the Board composition changes to our Articles of Association and that we call a Special General Meeting for 14 December 2022 at 12.30 to adopt them.

List of Appendices

Appendix 1 – Assurance self assessment

Appendix 2 - Social Housing Charter outcomes

| Requirements for RSLs | Self-Assessment Commentary | Evidence and sources of assurance | Self Assessment |
|--|--|--|-----------------------|
| Assurance & Notification | | | |
| Prepare an Annual Assurance Statement in accordance with our published guidance, submit it to us between April and the end of October each year, and make it available to tenants and other service users. | The statement takes into account the SHR's Regulatory Framework and associated guidance in relation to the preparation of Annual Assurance Statements. Details are both are clearly set out for the Board in the report seeking approval. | Our existing Assurance statement is published and available to all tenants and other service users via our own and the SHR's website. | Compliant |
| Notify SHR during the year of any material changes to the assurance in its Assurance Statement. | There were no material changes to the previous statement during the year. There are processes in place for ongoing regulatory requirements such as notifiable events; our 5 year financial projections are included in Board agenda planning; and we begin the annual assurance statement process in April lasting till October each year. If any material changes were identified during the year we would take the necessary steps including notification. | Not applicable | Not applicable |
| Have assurance and evidence that it is meeting all of its legal obligations associated with housing and homelessness services, equality and human rights, and tenant and resident safety. | <p>In practical terms the Group operates a 3 Lines of Defence model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm the Group's meeting legal obligations in these areas. This includes an IA function that delivers risk-based audits that test operation of Line 1 and Line 2 controls in specific areas.</p> <p>In these particular areas where there is defined legislation, we have Group wide policies which codify how we will meet our legislative requirements. Policies are reviewed by expert internal staff and, where appropriate, by external advisors. The Group employs sufficiently qualified individuals to effect the policies, including legal, health and safety and housing. The legal implications section in all Board reports ensures any obligations are identified - supported by a team of in house solicitors and external legal advisors. This area has remained under review during the pandemic to take account prevailing legislative requirements and guidance from the UK and/or Scottish Government. All Boards have been provided ongoing updates on these matters.</p> <p>Our Equality, Diversity, Inclusion (EDI) and Human Rights policy and our Group Equality Impact Assessment (EIA) template ensures that we meet our legal obligations in this area, as does online training modules for staff including an EDI Awareness course which was externally verified by an EDI expert. We have introduced a new approach to EIAs to ensure we comprehensively assess the potential impact of relevant policies/strategies/projects on the protected characteristic groups in an evidence based manner. In preparation for the release of 'Collecting Equality Information: National Guidance for Scottish Social Landlords' published by the SFHA in mid August 2021 before being reviewed an final revised guidnace published in June 2022, the Group reviewed our approach to EDI and began to develop our approach towards collecting equality data, including reviewing what we already collected and for what purpose. An update was taken to Group Board in December 2021. We obtained legal advice with regards to data protection, set up a working group and engaged our trade unions and Group Scrutiny Panel and Customer Voices focus groups for feedback on data collection plans before going on to develop a guide and equality monitoring form. We commenced the data collection exercise in August 2022. We have also extended equality data collection to staff and Boards to inform our recruitment and succession planning.</p> | <p>Group policies and associated documents</p> <ul style="list-style-type: none"> - Group Board approved Health and Safety Policy detailing legal requirements - Group Policy Framework on Advice and Letting - Group Fire Mitigation Framework - Group Anti Social Behaviour Framework (reviewed in 2021) - Group Homelessness Policy (Reviewed in December 2020) - Group Equality, Diversity and Human Rights Policy <p>Board reporting</p> <ul style="list-style-type: none"> -Group Health and Safety policy Board report, followed by update reports - Board and Group Audit Committee update reports on Fire Safety - Board updates during the pandemic on compliance related activity - Board updates during pandemic on service levels and remobilisation relative to the then prevailing pandemic related legislation and/or restrictions - Risk appetite and analysis sections in Board reports - Strategic risk registers -Equality Implications sections in Board reports (and full EIA carried out if deemed required) - Governance update Group Board December 2021 <p>Independent assurance</p> <ul style="list-style-type: none"> - Internal Audit activity <p>External assurance</p> <ul style="list-style-type: none"> - engagement of independent experts on asbestos | Compliant |
| Notify SHR of any tenant and resident safety matters which have been reported to, or are being investigated by the Health and Safety Executive, or reports from regulatory or statutory authorities, or insurance providers, relating to safety concerns. | These circumstances have not arisen in year. Serious matters e.g. those involving HSE are escalated to Group Director level for consideration. As a landlord of systemic importance, Wheatley meets regularly with SHR. That forum is also used to highlight any particular issues and how to address same. | | Not applicable |
| Make its Engagement Plan easily available and accessible to its tenants and service users, including online. | Scottish Housing Regulator Engagement Plans are available on each RSL website. | The plan can be accessed via individual RSL websites in the 'about us' and 'get involved' sections. | Compliant |
| Register all requirements for providing data to us with the Information Commissioner's Office as a purpose for which they are acquiring data under the Data Protection Act 2018. | <p>Privacy Impact Statements confirm the purposes for which we hold and use data, including for regulatory requirements.</p> <p>All RSLs are registered with ICO.</p> | ICO registration is verifiable via its website. | Compliant |
| Scottish Social Housing Charter Performance | | | |
| Submit an Annual Return on the Charter to us each year in accordance with our published guidance. | The Annual Return requires to be submitted via the SHR Portal. The ARC return is included in our Board agenda planning so as to be considered by Boards in line with the timescale for return to the SHR. The ARC return is reviewed and agreed by relevant Boards and reviewed internally against the SHR technical guidance. The Governance team can check the 'returns' section of the SHR landlord portal to confirm the 21/22 return was received within timescales. | The SHR Portal documents receipt of our ARC return and the SHR also publishes our Charter return on their website. | Compliant |
| Involve tenants, and where relevant other service users, in the preparation and scrutiny of performance information. It must: <ul style="list-style-type: none"> - agree its approach with tenants - ensure that it is effective and meaningful – that the chosen approach gives tenants a real and demonstrable say in the assessment of performance - publicise the approach to tenants - ensure that it can be verified and be able to show that the agreed approach to involving tenants has happened - involve other service users in an appropriate way, having asked and had regard to their needs and wishes. | <p>At the most senior level, we have tenants on our Boards.</p> <p>The ongoing level of involvement of our Local Committees, Registered Tenant Organisations, and Communities of Interest was by the pandemic, however the approach itself is established and embedded.</p> <p>We engage with our Group Tenant Scrutiny Panel on a bi-monthly basis. The Panel was recently involved in the preparation of our Annual Report to Tenants, provided their comments in consultation regarding the Charter 5-year review and provided valuable feedback as we developed our equality data collection approach.</p> <p>A Stronger Voices customer engagement team was introduced in 2021/22 which is supporting the delivery of the new engagement framework, including recruitment of Customer Voices to be involved in engagement activity. This further involves our customers in the scrutiny of our performance and in our decision-making to ensure our services are co-created to truly reflects their needs. All tenants were consulted on our new engagement framework. Customer Voices are involved in multiple ways including through walkabouts, focus groups and customer panels.</p> | <p>Governance Framework</p> <ul style="list-style-type: none"> - RSL constitutions reserving Board places to tenant members - Tenant Group Scrutiny Panel Terms of Reference <p>Board/Committee/Forum discussions and reporting</p> <ul style="list-style-type: none"> - Group Scrutiny Panel meeting agendas <p>Other</p> <ul style="list-style-type: none"> - RSL websites publicly set out the annual report to tenants - Stronger Voices, Stronger Communities - Group Engagement Framework | Compliant |
| Report its performance in achieving or progressing towards the Charter outcomes and standards to its tenants and other service users (no later than October each year). It must agree the format of performance reporting with tenants, ensuring that it is accessible for tenants and other service users, with plain and jargon-free language. | We publish an annual report to tenants, the format of which has been agreed by Boards and the Group Scrutiny Panel. This year's report was issued in line with the SHR Regulatory Framework. | Prior year published Annual Report to Tenants in October 2021. | Compliant |

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| When reporting its performance to tenants and other service users it must: - provide them with an assessment of performance in delivering each of the Charter outcomes and standards which are relevant to the landlord - include relevant comparisons – these should include comparisons with previous years, with other landlords and with national performance - set out how and when the landlord intends to address areas for improvement - give tenants and other service users a way to feed back their views on the style and form of the reporting. | Included in the last Annual Report to Tenants and will be incorporated again in this year's, due by the end of October. The relevant comparisons will be dependent on the availability ARC performance data for the sector. | Prior year published Annual Report to Tenants in October 2021. | Compliant |
| Make the SHR report on performance easily available to its tenants, including online. | This is published via our website | Performance published on RSL websites (Home/About us/How we do business/Performance) | Compliant |
| Whistleblowing | | | |
| Have effective arrangements and a policy for whistleblowing by staff and governing body/elected members which it makes easily available and which it promotes. | We have a Group Whistleblowing policy in place. The policy is easily available to all staff on our intranet. The review of the policy is reserved to the Group Audit Committee. | Governance Framework Group Whistleblowing Policy Committee reporting Audit Committee report and minute of discussion and approval of whistleblowing policy | Compliant |
| Tenants and service users redress | | | |
| Make information on reporting significant performance failures, including our leaflet, available to its tenants. | We have a link to the significant performance failure SHR leaflet available on all RSL websites (contact us/complaints and compliments) In April 2021, we updated our complaints handling procedure based on new guidnace from the SPSO. We subsequently did a full review of our complaints policy which was approved in 2022. This is avaialbe publicly on our websites. The SHR leaflet also available in Local Housing Offices as part of the core leaflet suite | RSL Websites (Contact us/complaints and compliments) Complaints handling policy and procedure on websites (publication scheme) RSL Social Media (Contact us) RSL Complaints Leaflets (make reference to significant performance failures) | Compliant |
| Provide tenants and other service users with the information they need to exercise their right to complain and seek redress, and respond to tenants within the timescales outlined in its service standards, in accordance with guidance from the Scottish Public Services Ombudsman (SPSO). | The Group Complaints Policy is based on and complies with SPSO guidance. All Boards are made aware that SPSO guidance applies to the complaints handling. Our complaints procedure is set out on RSL websites, our complaints leaflet is available in Local Housing Offices as part of the suite of core leaflets | Group Complaints Policy Board report and record of Board approval Complaints Leaflets RSL Websites (Contact us/complaints and compliments) | Compliant |
| Ensure it has effective arrangements to learn from complaints and from other tenant and service user feedback, in accordance with SPSO guidance. | Our complaints policy builds in requirement to review and Boards routinely updated on this. Boards received bi-annual updates on complaints and what lessons we are learning from them. This performance data and analysis is also published on the website. There is a lessons learned field within ASTRA which should be completed to record lessons learned for every complaint received. New complaints reports will capture lessons learned and allow for further analysis of lessons learned including the information recorded by staff within ASTRA. The standard Board bi-annual report has been delayed post pandemic as business has focussed on more essential activity however complaints performance has remained under review. Boards received an update on our postion following the SPSO new model handling procedure guidnace in March 2021. A full complaints update was presented to the August 22 Boards. | Policy - Group Complaints policy Reporting and monitoring - Board performance reports which include measure on complaints handling Public reporting - Complaints data published on RSL Websites - link on performance page to published board reports containing performance information Other - ASTRA | Compliant |
| Equality and Human Rights | | | |
| Have assurance and evidence that it considers equality and human rights issues properly when making all of its decisions, in the design and review of internal and external policies, and in its day-to-day service delivery. | The SHR has worked with representative bodies, the Equalities and Human Rights Commission, (EHRC) and Scottish Human Rights Commission ("SHRC") to develop a 'guidance framework' for the collection of equality data. The impact of the pandemic led to this guidance being delayed and as was published on 19 August 2021. This guidance was subsequently updated and re-released in April 22 and June 22 following additional comment from the EHRC and Information Commissioner. When the original guidance was published we integrated this with the existing plans already reflected from an Internal Audit advisory review, carried out last year. The Group Board was updated in December 2021 and at their workshop in March 2022. In advance of the guidance being published in autumn 2021, we had already taken a number of steps to strengthen our approach and the implementation of our Equality, Diveristy and Human Rights policy (this policy is available internally and externally on our websites and was reviewed in 2022). Initially, this included engaging external expertise via IoD Scotland to support the robust implementation of this policy. The steps taken to strengthen our organisational approach towards EDI, included a communication campaign to raise staff awareness and highly publicised staff training. Our EDI awareness e-learning module became compulsory for staff and included in inductions form 2022 and we launched an EDI learning suite on MyAcademy which also includes LGBT+ Awareness and Unconscious Bias training for staff as well as useful resources i.e. podcasts. We also have relaunched Hate Crime training available. This all helps ensure staff have a consideration of equalities and human rights within their role.We continue to raise awareness of EDI to our staff through our internal comms including awareness days and blogs. We also have an equalities section on our Group website which gives detail of our commitment to EDI, accessibility (i.e. written information and telephone), hate crime and harassment and equalities monitoring. (Home>About Wheatley>Governance>Equality and Diversity) We also implemented a more comprehensive, robust Group-wide approach towards Equality Impact Assessments to ensure we thoroughly consider the impact of our decisions, policies and service on the protected characteristic groups and remain compliant with equalities legislation. This was externally verified and our Group Policy framework now inidcates which policies require an EIA. There is also EIA online traning for staff required to complete an EIA. The EIA template and guidnace is available on our staff intranet. Equalities implications is a section in all our Board reports - here it must be clear if an EIA has been required and carried out. Equalities is an area our Boards have indicated a desire for increased visibility and we plan to include this as a topic for Board CPD. Following the release of the SHR equality monitoring guidance, we developed plans to collect equality information from Board members to inform our recruitment and succession planning. Age, ethnicity and disability diversity markers, along with skills, experience and gender, will be added to our future Group Board succession planning analysis, as well socio economic diversity based on National Statistics Socio-economic Classification criteria From January 2022, we set up a staff EDI working group to implement intitatives including the collection of equality data, including for staff and job applicants. We expanded our external networks including membership to the employer's network for equality and inclusion (enei) and Business in the Community (bitc). We developed an internal action plan which was externally reveiued by an inclusion advisor at Business in the Community in March 2022. The People Services Team progressed with a number of EDI initiatives including an external review of all HR policies to ensure these are inclusive in langauage and content, a review of our recruitment approach including adverts and an enei TIDE self-assessment for which we achieved Bronze level award. We also prgressed plans to launch a new EDI brand for the Group, Different Together, which includes a Community of Excellence, a resource hub for staff, staff equality networks and training. | Policy - Group Equality, Diversity and Human Rights policy (reviewed September 2022) Reporting and monitoring - Board reports include an equality implications section - Externally verified EIA template and guidance - Group Board Governace update December 2021 - Group Board workshop March 2022 - Group Solutions update August 2022 - Group Board update September 2022 Websites - Equality and diversity section on Group website (Home>About Wheatley>Governance>Equality and Diversity) - internal staff awarness raising via intranet and training -Other - development of Different Together equality collection form and guidance | Compliant |

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| To comply with these duties, landlords must collect data relating to each of the protected characteristics for their existing tenants, new tenants, people on waiting lists, governing body members and staff. Local authorities must also collect data on protected characteristics for people who apply to them as homeless. Landlords who provide Gypsy/Traveller sites must collect data on protected characteristics for these service users. | <p>A letter to landlords on 29 July 2022 advised that in regards to this requirement we should provide 'assurance that you have, or are in the process of implementing an effective approach to the collection of equalities information and are considering how you can adopt a human rights approach in your work.'</p> <p>While the updated data collection guidnace was being published, we progressed with developing our approach and plans for the collection to commence in Autumn 22. At the start of 2022, this involved reviewing which equality data we currently collected and for which purpose, and engaging with trade unions and our Tenant Scrutiny Panel to gain feedback to shape our approach to the full equality data collection exercise for both staff and customers. We also recieved external legal advice on data protection. We then used this feedback to develop an anonymous equality form and customer guidance (which we took through Stronger Voices customer focus groups before finalising these and our approach in summer 22). The collection exercise is now underway with all customers having received a form and guide to complete anonymously and return either via post or online. We gave a reccomended return date of 1 October 2022 and to date have received over 6,000 returns. We extended our equalities section on MyHousing to include all protected characteristics for those applying for a home, extended our equalities monitoring for our Board members and currently have an equality data exercise underway for staff following engagement with our trade union, enei and Different Together CoE.</p> | <p>Policy</p> <ul style="list-style-type: none">- Group Equality, Diversity and Human Rights policy (review 2022) <p>Reporting and monitoring</p> <ul style="list-style-type: none">- Group Board Governace update December 2021- Group Board workshop March 2022- Group Solutions update August 2022- Group Board update September 2022 <p>Websites</p> <ul style="list-style-type: none">- Equality and diversity section on Group website (Home>About Wheatley>Governance>Equality and Diversity)- internal staff awarness raising via intranet and training <p>-Other</p> <ul style="list-style-type: none">- development of Different Together equality collection form and guidance | Compliant |
| Requirements for RSLs Only | | | |
| Each RSL Must: | | | |
| Comply with the Standards of Governance and Financial Management and associated statutory guidance. | See commentary and evidence provided for each of the seven standards of governance and financial management. | | Compliant |
| Comply with, and submit information to us in accordance with, our guidance on: <ul style="list-style-type: none">- notifiable events- group structures- consulting tenants where tenant consent is required- financial viability of RSLs: information requirements- determination of accounting requirements- preparation of financial statements. | See commentary and evidence provided for each of the seven standards of governance and financial management. | Landlord Portal | Compliant |
| Keep up to date organisational details in the Register of Social Landlords, by maintaining the information provided through the Landlord Portal. | <p>Organisational details up-to-date and regularly maintained via the SHR Landlord Portal</p> <p>All updates are monitored by Group Company Secretary and control checks are in place, specifically the portal is reviewed and updated monthly and after every Board cycle- This includes checking the organisational details and governing body member deatails are accurate for example, following retirement/appointment of Board members.</p> | Landlord Portal SHR Website | Compliant |
| Make publicly available, including online, up to date details of: <ul style="list-style-type: none">- who is on its governing body- the date when they first became a member/office holder- how to become a member of the RSL and of the governing body, and- minutes of governing body meetings. | <p>About us section of RSL websites includes information about who is on the governing body and the date they first became an office holder.</p> <p>The 'getting involved' section of each RSL website sets out how to become a member of the RSL (where applicable) as does our RSLs constitiutions which are available on websites. Where applicable, memberhsip policies are also publiished on relevant website.</p> <p>Minutes of Board meetings published following approval by Board and redaction in line with Freedom of Information.</p> <p>The Associations are required to send intimation of the intended date of the Annual General Meeting and information on the nomination procedure for Board Members to all our Members not less than 28 days before the Annual General Meeting.</p> | <p>RSL websites - 'about us' and 'get involved' sections.</p> <p>Published membership policy (where applicable) via website, and membership details available in Rules/Articles publiished on websites</p> <p>Published minutes via website</p> | Compliant |

| Regulatory Standards of Governance and Financial Management | Self-Assessment Commentary | Evidence and sources of assurance | Self Assessment |
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| Standard 1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. | | | |
| 1.1 The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users. | <p>The Group Standing Orders formally define the Board's role in this regard, with the approval of the strategy (strategic direction) and business plan reserved to Boards for approval. The Group Standing Orders that were live during the 21/22 financial year were approved April 2019 and contained our Group Authorising Framework and Group Authorise, Manage, Monitor, Management Matrix- these were subsequently were reviewed during 2022 and specific Terms of Reference approved by each RSL Board.</p> <p>The business plan is always considered within the context of outcomes it contributes to achieving for tenants and its implementation is overseen by the budget and finance reports monitored thereafter.</p> <p>We have now begun implementation of the revised 5 year strategy, Your Home, Your Community, Your Future.- our Boards have an annual strategy workshop to review the RSLs strategic direction and esnure still relevant/update as necessary.</p> | <p>Governance Framework</p> <ul style="list-style-type: none"> - Group Standing Orders (reviewed 2022) - Governing Body Members Handbook (under review) - Terms of Reference <p>Board discussions and reporting</p> <ul style="list-style-type: none"> - Board strategy workshop materials - Board reports on strategy development process and associated minutes - Board report on business plan and associated minuted confirming Board approval - Board reports detailing implications for financial projections during pandemic <p>External validation/corroboration</p> <ul style="list-style-type: none"> - Campbell Tickell 2018 governance review findings -Campbell Tickell 2021 governance review -Campbell Tickell 2021 Pandemic Response review | Compliant |
| 1.2 The RSL's governance policies and arrangements set out the respective roles, responsibilities and accountabilities of governing body members and senior officers, and the governing body exercises overall responsibility and control of the strategic leadership of the RSL. | <p>The Group Standing Orders detail respective roles and responsibilities of the Group and subsidiary Boards as well as detailing the Scheme of Financial Delegation and delegations to Group CEO. The newly approved Terms of Reference for each subsidiary Board set out the roles and responsibilities of each Board.</p> <p>Board member roles and responsibilities are set out in the Standing Orders and the Governing Body Member Handbook.</p> | <p>Governance Framework</p> <ul style="list-style-type: none"> - Group Standing Orders - Governing Body Members Handbook - Terms of Reference <p>External validation</p> <ul style="list-style-type: none"> - liP Accreditation -Campbell Tickell 2021 governance review -Campbell Tickell 2021 Pandemic Response review | Compliant |
| 1.3 The governing body ensures the RSL complies with its constitution and its legal obligations. Its constitution adheres to these Standards and the constitutional requirements set out below. | <p>The RSLs are appropriately constituted and the Group Standing Orders set out effective decision making processes.</p> <p>Board minutes and reports will provide details of how we ensure constitutional compliance where applicable.</p> | <p>Governance Framework</p> <ul style="list-style-type: none"> - Individual entity constitutions - Group Standing Orders -Board report template <p>External validation</p> <ul style="list-style-type: none"> - External legal advisor engagement in the process of drafting and revising constitutions | Compliant |
| 1.4 All governing body members accept collective responsibility for their decisions. | <p>This is enshrined in the Code of Conduct as a requirement. No governing body members have breached the code of conduct in this regard, as such no action has been taken.</p> | <p>No issues raised or identified during the year of a Board member not accepting collective responsibility</p> <p>-Board appraisal forms and interviews - issue not raised</p> <p>-Signed Codes of Conduct</p> | Compliant |
| 1.5 All governing body members and senior officers understand their respective roles, and working relationships are constructive, professional and effective. | <p>The respective roles are set out in the Group Standing Orders and reinforced by the Governing Body Members Handbook which sets out roles clearly and is explicit about the distinction between the role of management and the role of the Board.</p> <p>A comprehensive induction programme is in place, with discussion about the role of the Board and Management. This area is also explored and tested as part of the annual appraisal process. In addition, we have introduced a Group Board effectiveness and appraisal policy and Group recruitment and succession planning policy.</p> <p>We have CPD programme and traning for our Board members as well as a Leadership development programme for senior staff. recent Institue of Directors (IoD) training was extended out to Directors in organisation as well as Board members and we will extend out further IoD CPD sessions to staff also</p> | <p>Governance Framework</p> <ul style="list-style-type: none"> - Recruitment and Selection Process and Induction Programme - Group recruitment and sucession planning policy - Group Board effectiveness and appraisal policy - Group Standing Orders - Governing Body Members Handbook - Board CPD programme <p>External Validation</p> <ul style="list-style-type: none"> -Campbell Tickell interviews with Board members as part of previous governance review <p>Training</p> <ul style="list-style-type: none"> - CPD training including IoD - open to staff and Boards | Compliant |
| 1.6 Each governing body member always acts in the best interests of the RSL and its tenants and service users, and does not place any personal or other interest ahead of their primary duty to the RSL. | <p>The Standing Orders set out clearly the relationship between the parent Board and subsidiaries and the division of responsibilities.</p> <p>All Board Members are required to sign the Code of Conduct and complete a Governing Body Member Declaration of Interests form which covers this and the organisation maintains a register of interests, which is annually reviewed. There is a standing Board meeting agenda item regarding declaration of interests and we have introduced a Group conflicts on interests policy . Board appraisal has a specific question regarding decision making being in the best interests and no issues have been identified regarding independence of decision making.</p> | <p>Governance Framework</p> <p>Board Code of Conduct</p> <p>Group Standing Orders</p> <p>Arrangements in place in respect of conflicts and declarations of interest - standard Board agenda item and Register of Interests form</p> <p>Group conflicts of interest policy</p> <p>Other</p> <p>Annual Board appraisal - no issues raised by any Chair or Board member</p> | Compliant |

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| 1.7 The RSL maintains its independence by conducting its affairs without control, undue reference to or influence by any other body (unless it is constituted as the subsidiary of another body). | <p>The Group Standing Orders set out clearly the relationship between the parent Board and subsidiaries and the division of responsibilities. The composition of the Board is such that no other body exercises undue control or influence over the group and this is formally documented in Intra Group Agreements</p> <p>The requirement to act in the best interests of the group is reflected in the Group Code of Conduct. All Board Members complete a Governing Body Member Declaration which covers this and the organisation maintains a register of interests.</p> | <p>Governance Framework Group Code of Conduct Register of Interests form Group Standing Orders Arrangements in place in respect of conflicts and declarations of interest Group conflicts of interest policy Intra Group Agreement</p> <p>External validation Independent legal advice for RSL subs on Intra Group Agreement with Parent and on relevant transactions eg MMR stock disposal and WH Glasgow/Lowther equity</p> | Compliant |
| <p>Standard 2 The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.</p> <p>Guidance</p> | | | |
| 2.1 The RSL gives tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans. | <p>Each RSL within the group has a website which includes an 'Freedom to Information' section and a Publication Scheme. This explains clearly and comprehensively what information is available (with links) and how to obtain information which is not published, including fees applicable.</p> <p>Provided via a combination of: - Website - annual report to tenants (published on our websites) - news section on websites - social media posts - consultations</p> <p>We ask tenants as part of our Tenant Satisfaction Survey what tenants think about being kept informed.</p> | <p>Publications Subsidiary and group websites Information on performance, future plans eg investment and satisfaction results published on websites Annual Report to Tenants social media posts</p> | Compliant |
| 2.2 The governing body recognises it is accountable to its tenants, and has a wider public accountability to the taxpayer as a recipient of public funds, and actively manages its accountabilities. | <p>Governing Body Handbook recognise the Group's governing bodies' accountability to tenants and service users (section regarding the role of the Board).</p> <p>Each RSL subsidiary publishes an Annual Report to Tenants, setting out how it has performed.</p> <p>Our Publication Scheme ensures that we provide a significant amount of information , supporting accountability.</p> | <p>Governance Framework Governing Body Members Handbook Annual Report to Tenants Wheatley Group Annual Report and Financial Statements Subsidiary and group websites (investor relations section of website gives information on use of funds, including public funds) Group Code of Conduct Group Engagement Framework</p> | Compliant |
| 2.3 The governing body is open and transparent about what it does, publishes information about its activities and, wherever possible, agrees to requests for information about the work of the governing body and the RSL. | <p>We are committed to being transparent and open about the way we work, the services we provide and the decisions we make. One of the ways we do this is through our publications scheme under The Freedom of Information (Scotland) Act 2002.</p> <p>We are bound by the Environmental Information (Scotland) Regulations 2004 which gives the public the right to access environmental information we hold.</p> | <p>EVIDENCE: Provided via a combination of: - Website - Annual Report to Tenants - Publishing Board reports</p> | Compliant |
| 2.4 The RSL seeks out the needs, priorities, views and aspirations of tenants, service users and stakeholders. The governing body takes account of this information in its strategies, plans and decisions. | <p>We are progressing with our 2021-2026 Group Strategy, as well as our 2021-2026 subsidiary strategies. These seek to give tenants more power and control to effect changes in the organisation directly, and have increased involvement in decision making. Our Engagement Framework, Stronger Voices Stronger Communities, contains a commitment that customer engagement would be a key milestone in at least 50% of our strategic projects.</p> <p>Stronger Voices, Stronger Communities incorporates a variety of ways customers are engaged across the group to shape what the group does. We do this via a combination of: - Stronger Voices team i.e. gathering intelligence and priorities through Walkabouts - governance structures - Customer Voices focus groups being involved in co-creating/reviewing policies or our approaches e.g. to equality data collection - Tenant Scrutiny Panel - locality planning - use of complaints - annual satisfaction surveys - consultations - tenant members on Boards representing service user views</p> <p>Tenant board members bring customer insight to strategic decision making.. The Boards will also receive a bi-annual update on how we used the full range of our planned engagement activity to inform priorities.</p> <p>The Group operates customer segmentation to understand their customer base and shape services accordingly. We developed our approach to customer equality data collection jointly with customers, to gain their views and ensure they feel comfortable and trusted in this process. We will use this data to tailor our service design and delivery to the needs of our customers.</p> | <p>External validation - Meetings between senior management and stakeholders - Direct Board engagement with key stakeholders eg Housing Minister - BMG independently facilitated rent setting workshops for 2020/21 rent setting process</p> <p>Decision making - Annual Board strategy workshop briefing packs detailing background information - Board composition includes tenants - builds in feedback at decision making point - Customer Voices involved in development and review of policies/strategies - Board report on rent setting - documents extensive consultation feedback</p> <p>Board reporting and monitoring - ongoing Board reports on key areas of tenant feedback, including complaints - customer engagement section included in Board reports</p> <p>Engagement Framework - Locality plans, including the range of engagement and feedback events facilitated during the process</p> | Compliant |

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| 2.5 The RSL is open, co-operative, and engages effectively with all its regulators and funders, notifying them of anything that may affect its ability to fulfil its obligations. It informs the Scottish Housing Regulator about any significant events such as a major issue, event or change as set out and required in notifiable events guidance. | <p>We have high engagement and as such meet the SHR on a regular basis as well as having an ongoing line of communication. Regular meetings held with Funders. We notify SHR of 'Notifiable Events' in accordance with requirements of SHR Notifiable Events guidance.</p> <p>Notifiable events to be notified are highlighted through review of the SHR notifiable events guidance. For example, this was reviewed prior to commencing our Cube transfer project (and subsequent transfers and name change projects) to ensure any notifiable events were identified to be notified in the required timescale i.e. outcome of tenant consultation, conclusion of transfer. This was responsibility of Governance team to notify and was baked into our project plans.</p> <p>We also maintain disposals and acquisitions registers which we receive notification from the property legal team either through direct email to the Governance team or to our Board and Committees mailbox, which is checked regularly. For additional assurance, we receive a monthly round up of disposals and acquisitions from the property legal team to check against our own records. It is the responsibility of the Governance team to action and notify of any relevant disposals or acquisitions and we do this monthly. We also keep a register of notifiable events. Additionally, in 2022 we introduced a Group Disposal and Acquisition policy and RSL versions of this.</p> | <p>Evidence SHR Quarterly Meeting agendas Funder meeting agendas Group Engagement Plan - published by WHG and SHR Internal notifiable events register and disposal and acquisitions register</p> | Compliant |
| Standard 3 The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay. Guidance | | | |
| 3.1 The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes, and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times. | <p>The Standing Orders set out clear financial delegations and there is an appropriate Treasury Management Policy in place. The Treasury Management policy was reviewed and refined this year and financial information is regularly reported to the Board including compliance with golden rules and covenants.</p> <p>In addition to this we regularly report to Boards and have an extensive discussion each year on financial projections and treasury management, including liquidity. We also have a suite of policies to mitigate against the misuse of our finances including our Group Whistleblowing policy, Group Fraud, Corruption and Bribery Policy and Group AntiMoney Laundering and Counter Terrorism Financing policy</p> | <p>External validation - Review by Rathbones of core business planning assumptions - Group Treasury Management Policy (reviewed 2022) was reviewed by our external treasury advisors - External audit process</p> <p>Governance and Policy Framework - Treasury Management Policy - Group Whistleblowing Policy (reviewed 2022) - Fraud, Corruption and Bribery Policy (reviewed 2022) - Group AntiMoney Laundering and Counter Terrorism Financing policy - Group Standing Orders including financial delegations (reviewed 2022)</p> <p>Ongoing reporting - Quarterly treasury report to Group Board on funding requirements and liquidity - Covenant compliance - Internal Audit core programme of auditing key financial controls - Finance reports to Boards</p> | Compliant |
| 3.2 The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks. | <p>There is a suitable treasury management policy in place, which was reviewed by the Board during the last year.</p> <p>The Board skills matrix takes into account the need for membership to include Non-Executives with relevant skills and experience in this area.</p> <p>Boards routinely seek sufficient external independent guidance to ensure its decisions are in our best interest, with significant input from external legal advisors.</p> | <p>Board membership -The Board succession planning specifically seeks to ensure we have individuals with skills and experience in this area - Board skills matrices</p> <p>Policy Framework - Treasury Management Policy - Quarterly treasury update to Wheatley Group Board</p> <p>External validation - Extensive external legal advice on any major funding transactions, specifically in relation to the risks</p> | Compliant |
| 3.3 The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of risks to the delivery of plans. | <p>Business planning process takes into account a wide range of variables, which are reflected in Board reports eg sensitivity testing, assumptions. These were reviewed and tested during the pandemic to reflect the change in risk profile.</p> <p>Financial performance is reported to Board as a standing item detailing performance relative to business plans and budgets. Reports to the Board on financial projections are part of the business planning process set out comprehensive and clearly explained information including appropriate context, detailed financial projections and details of projected compliance with golden rules and covenants.</p> <p>Minutes demonstrate a good level of Board engagement with financial projection reporting. Regular reporting to Board provides clear information about financial performance across the group including all subsidiaries as well as performance against covenants and golden rules.</p> | <p>Board reporting and monitoring - Annual stress testing of business plan as part of Board approval process - Pandemic and wider economic impact scenario testing on financial projections - Risk register considered by the Group Audit Committee at every meeting and by each Board periodically - Risk workshops held with Boards in May/June, risk approach reviewed and updated - Board reports regarding Financial Performance - Treasury management reports -Board reports re budget proposals and financial assumptions</p> | Compliant |
| 3.4 The governing body ensures financial forecasts are based on appropriate and reasonable assumptions and information, including information about what tenants can afford to pay and feedback from consultation with tenants on rent increases. | Our assumptions are validated externally where appropriate and always subject to sensitivity analysis. As part of agreeing our financial projections each year the rent increase is subject to specific separate report which takes into account affordability for tenants. | <p>Board reporting and monitoring - Board reports regarding Financial Performance and Financial Projections - Report to Group Board on treasury update and policy - Financial performance report to Group Board and Subsidiary Board meeting - Minutes of Group and Subsidiary Board meetings -Tenant rent setting consultation results</p> | Compliant |

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| 3.5 The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them. | We have an on-going process and report compliance as part of finance report to Group Board in addition to projected compliance being a consideration when assessing and agreeing our financial projections. | Board reporting and monitoring - Financial performance and treasury reports to Group Board - Report to Boards on financial projections | Compliant |
| 3.6 The governing body ensures that employee salaries, benefits and its pension offerings are at a level that is sufficient to ensure the appropriate quality of staff to run the organisation successfully, but which is affordable and not more than is necessary for this purpose. | All staff gradings are subject to an internal assessment using defined criteria by Employee Relations.We also engage with our Trade Unions as part of our annual pay uplift. The pension arrangements are routinely reviewed by the Board/RAAG and this included changes for auto enrolment to not offer SPF to all incoming employees. This was on the basis that it was not necessary to attract employees. Our Group Pension Strategy was last reviewed and approved by the Group Board in December 2021. Overall staffing costs and their impact are considered as part of the financial projections. | Governance Framework - Group Standing Orders Board reporting and monitoring - Confidential minute of RAAG report to Board on Chief Executive's remuneration - Financial projections - Dual pension arrangements in place for Wheatley Homes Glasgow - Group Pension Strategy | Compliant |
| 3.7 The governing body ensures the RSL provides accurate and timely statutory and regulatory financial returns to the Scottish Housing Regulator. The governing body assures itself that it has evidence the data is accurate before signing it off. | All returns are submitted to the SHR. Where appropriate, we schedule our Board meetings around key Regulatory returns for sign off ahead of submission deadline, for example 5YFP, loan portfolio and ARC are included on the agendas for all RSL Board meetings in May. Governing Body requires formal Board reports to be provided with clear recommendations about sign-off. The Governance team check the SHR portal to ensure returns have been made within timescales. Return of regulatory returns within timescales is included in Business Excellence Frameworks (BEF) between Wheatley Solutions and RSLs - measures in the BEFs are reported to Boards. | Board reporting and monitoring - Board papers and agendas - Solutions Business Excellence Frameworks | Compliant |
| Standard 4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. | | | |
| 4.1 The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions. | Board reports are structured in a Board approved standard format with specific headings to ensure appropriate information is contained in key areas such as finance, risk and legal/regulatory. in 2021, Campbell Tickell carried out a strategic governance review - this included the recommendation ' <i>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</i> ' We partially accepted this recommendation and carried out a full full review of the board template, including content and structure, in early 2022 and a new template is now in use. Board feedback on reports is received during meetings as well as part of the annual Board appraisal. | Board reporting and monitoring - Board reporting template - Board meeting papers - Board and Committee minutes Governance Framework - Group Standing Orders and Scheme of Delegation External Assurance - Campbell Tickell review of governance arrangements, including the quality of Board papers. | Compliant |
| 4.2 The governing body challenges and holds the senior officer to account for their performance in achieving the RSL's purpose and objectives. | This is primarily discharged via Board meetings. | Board reporting and monitoring - Board Reports and associated minutes | Compliant |
| 4.3 The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit. | We have a clearly defined risk management framework. This is reviewed on an ongoing basis. Risk analysis is a specific element of all Board papers and therefore embedded in our decision making at Board level. Where there is a particular risk there is an enhanced level of Board reporting on specific risks as has been in place throughout the pandemic. | Group policies - Risk management policy Governance framework - Group Standing Orders (including Board and committee Terms of Reference) and Audit Committee Terms of Reference - Reviewed 2022 as part of Strategic Governance review Board reporting and monitoring - Reports to Group Audit Committee and all RSL Boards - Minutes relative to the above | Compliant |
| 4.4 Where the RSL is the parent within a group structure it fulfils its responsibilities as required in our group structures guidance to: (a) control the activities of, and manage risks arising from, its subsidiaries; (b) ensure appropriate use of funds within the group; (c) manage and mitigate risk to the core business; and (d) uphold strong standards of governance and protect the reputation of the group for investment and other purposes. | The role and controls of the Parent are codified in all subsidiary constitutions, along with the roles and responsibilities set out in Intra Group agreements and the Group Standing Orders. Examples of this include Parent approval rights over areas such as Board appointments, constitutional changes, policy and funding. In addition to this, our standard reporting arrangements are such that the Group Board always receives Group wide performance information as well as details of any material issues at individual subsidiary level. | Governance Framework - Constitutions - Group Standing Orders - Intra Group Agreement Board reporting and monitoring - Board packs | Compliant |

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| 4.5 The RSL has an internal audit function. The governing body ensures the effective oversight of the internal audit programme by an audit committee or otherwise. It has arrangements in place to monitor and review the quality and effectiveness of internal audit activity, to ensure that it meets its assurance needs in relation to regulatory requirements and the Standards of Governance and Financial Management. Where the RSL does not have an audit committee, it has alternative arrangements in place to ensure that the functions normally provided by a committee are discharged. | <p>We have a clearly established Group Audit Committee with a remit including oversight of internal audit.</p> <p>The IA team is required to have an External Quality Assessment at least every 5 years to give the AC assurance on the quality and effectiveness of the Internal Audit function. (Last completed in 2018)</p> | <p>Governance framework</p> <ul style="list-style-type: none"> - Audit Committee Terms of Reference (reviewed 2022) <p>Board reporting and monitoring</p> <ul style="list-style-type: none"> - Assurance Update Board Reports - Group Audit Committee reports <p>External</p> <ul style="list-style-type: none"> - IA EQA | Compliant |
| 4.6 The governing body has formal and transparent arrangements for maintaining an appropriate relationship with the RSL's external auditor and its internal auditor. | <p>This is clearly defined via the Group Standing Orders, mainly within the purview of the Group Audit Committee. These also include Terms of Referenece for the Audit Committee, which were reviewed in 2022. The Committee completed a self-assessment of performance this year, which included consideration of how relationship with External Audit and Internal Audit is maintained.</p> | <p>Governance framework</p> <ul style="list-style-type: none"> - Audit Committee Terms of Reference (updated 2022) | Compliant |
| <p>Standard 5</p> <p>The RSL conducts its affairs with honesty and integrity.</p> <p>Guidance</p> | | | |
| 5.1 The RSL conducts its affairs with honesty and integrity and, through the actions of the governing body and staff, upholds the good reputation of the RSL and the sector. | <p>The Wheatley Group Code of Conduct sets out expectations.</p> <p>Staff are also bound by the Code of Conduct and HR Policies. We have a Whistleblowing Policy , an Anti-fraud, corruption and Bribery Policy, and Anti-money Laundering policy.</p> <p>The Code of Conduct has been strengthened for the Group Board via stronger provisions for dealing with any suspected breaches, with the power now in place to enforce vacation of office.</p> | <p>Governance framework</p> <ul style="list-style-type: none"> - Group Standing Orders - Group Code of Conduct (governing body and staff) - Whistleblowing policy - Anti-fraud, corruption and Bribery Policy, -Anti-money Laundering policy. | Compliant |
| 5.2 The RSL upholds and promotes the standards of behaviour and conduct it expects of governing body members and staff through an appropriate code of conduct. It manages governing body members' performance, ensures compliance and has a robust system to deal with any breach of the code. | <p>We operate a Group Code of Conduct which all members are required to sign up to. It includes arrangements to deal with any breach of the code. An appraisal system is in place to manage governing body performance. Similar arrangements are in place for staff via HR policies and the Staff code of conduct.</p> | <p>Governance framework</p> <ul style="list-style-type: none"> - Group Code of Conduct and Conflicts Policy - Governing Body Board effectiveness and Appraisal Policy (reviewed 2022) '- HR policies and staff code of conduct available on We Connect. | Compliant |
| 5.3 The RSL pays due regard to the need to eliminate discrimination, advance equality and human rights, and foster good relations across the range of protected characteristics in all areas of its work, including its governance arrangements. | <p>Our leaders empower all employees to live the Wheatley Group values; Trust, Community, Excellence and Ambition. The values are integrated into the MyAppraisal appraisal process. Our EDI and Human Rights policy outlines how we pays due regard to the need to eliminate discrimination, advance equality and human rights, and foster good relations across the range of protected characteristics in all areas of its work</p> <p>This is also embedded in our HR policies and in our governance arrangements through Equality Impact Assessments and including an equalities section in all Board reports to ensure equality impliactions are considered. We also ensure are staff are trained with EDI e-learning and Hate Crime training so staff are educated on the protectetd characteristics.EDI training is included in staff induction. in additon, we have staff and group governing body members Codes of Conduct which our staff and Board members must abide by.</p> | <p>Group policies and associated documents</p> <ul style="list-style-type: none"> - Wheatley Group Values - HR policies including Dignity at Work and Employee Code of Conduct - Group Governing Body Member Code of Conduct and Conflicts Policy (policy reviewed 2022) - Group Equality, Diversity and Human Rights policy (currently under review) - Equality Impact Assessments including template, guidnace and training - externally validated. Equalities impliactions in all Board reports. - Equality, Diversity and Inclusion awareness training mandatory for all staff and included in induction - externally validated - Hate Crime training for staff | Compliant |
| 5.4 Governing body members and staff declare and manage openly and appropriately any conflicts of interest and ensure they do not benefit improperly from their position. | <p>We operate a register of interests and declarations of interest is a standing item on Board meeting agendas. Our Group policies on Gifts, Hospitality, payments and benefits have been refreshed during early 2022. This includes guidlines staff must follow to decalre an interest i.e. completing a declaration of interest form for inclusion in our staff register of interest. A new policy on Non-Executive Director Conflicts of Interest has also now been introduced.</p> | <p>Group policies and associated documents</p> <ul style="list-style-type: none"> - Group Code of Conduct - Group Conflicts of Interest Policy - Register of Interests form and Group register of interests/related parties - Staff Regsiter of interests and form - Group policy on gifts, hospitality, payments and benefits (updated 2022) - Non - Executive Director Conflicts of Interest Policy (introduced 2022) <p>Board reporting and monitoring</p> <ul style="list-style-type: none"> - Minutes of Board meetings - Example of standing item on Board meeting agendas | Compliant |
| 5.5 The governing body is responsible for the management, support, remuneration and appraisal of the RSL's senior officer and obtains independent, professional advice on matters where it would be inappropriate for the senior officer to provide advice. | <p>Group CEO appraisal is undertaken by Group Chair and remuneration levels are set by the Board based on previous SHR Recommended practice such as relevant benchmarking and metrics such as pay per home. Our RAAG committee considers this for reccomendation to our Group Board.</p> <p>The Board accesses independent professional advice and holds discussions without the Group Chief Executive where appropriate.</p> | <p>Group governance framework</p> <ul style="list-style-type: none"> - Group Standing Orders <p>Board reporting</p> <ul style="list-style-type: none"> - Reports to RAAG Committee and Group Board on Group CEO terms and conditions. Eg as considered by Group Board in February 2022 | Compliant |
| 5.6 There are clear procedures for employees and governing body members to raise concerns or whistleblow if they believe there has been fraud, corruption or other wrongdoing within the RSL. | <p>We have specific Whistleblowing and Fraud, Bribery and Corruption and Anti-money laundering Policies in place, approved by the Group Audit Committee. These were reviewed in 2022 .</p> | <p>Group policies</p> <ul style="list-style-type: none"> - Group Whistleblowing policy - Group Fraud, Corruption and Bribery policy - Group Anti money laundering and counter terrorism financing policy | Compliant |

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| 5.7 Severance payments are only made in accordance with a clear policy which is approved by the governing body, is consistently applied and in accordance with contractual obligations. Such payments are monitored by the governing body to ensure the payment represents value for money. Alternatives to severance must be considered including redeployment. | Our existing approach to ER/VR consists of two elements: our individual policies on Early Retirement and Redundancy and affordability criteria we apply agreeing any form of what may be classified as a 'severance payment. Any instances of severance are reported to RAAG committee. | Group policies and associated documents - Policies on redeployment, redundancy and early retirement linked to redundancy (WH Glasgow, Loretto, WLHP, and Dunedin Canmore) - Legal Advice regarding severance | Compliant |
| 5.8 Where a severance payment is accompanied by a settlement agreement this must not be used to limit public accountability or whistleblowing. RSLs must take professional legal advice before entering into a settlement agreement. | We engage external legal advice in relation to any settlement agreements and we seek legal advice in every instance. | Legal Advice regarding severance | Compliant |
| Standard 6 The governing body and senior officers have the skills and knowledge they need to be effective. | | Guidance | |
| 6.1 The RSL has a formal, rigorous and transparent process for the election, appointment and recruitment of governing body members. The RSL formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body. | We have undertaken a comprehensive review of our succession plans in light of the pandemic to ensure we maintain an appropriate and effective composition. We have a Appraisal and Board effectiveness policy and Board recruitment succession planning procedure (reviewed and introduced in 2022). The Board undertake an annual appraisal process. We carry out a skills self-assessment and mapping exercise against agreed skills matrices with our Boards. We also collect equalities data from our Board members. This all informs our 3 year successions plans which we review annually. Recruitment vacancies are always advertised and subject to: - the process set out in constitutions - recruitment policy - RAAG committee agreement | Group governance framework - Group Standing Orders - Group Board effectiveness and appraisal policy - Group Board recruitment and succession planning procedure - Sub Board skills matrices and succession plans | Compliant |
| 6.2 The governing body annually assesses the skills, knowledge, diversity and objectivity it needs to provide capable leadership, control and constructive challenge to achieve the RSL's purpose, deliver good tenant outcomes, and manage its affairs. It assesses what is contributed by continuing governing body members, and what gaps there are that need to be filled. | Annual appraisal is in place and the policy includes self assessment together with a 1-2-1 review with Chair to evaluate performance. These are reported in the August Board reports. The Group has an appropriate Succession Planning Procedure in place. | Group governance framework - Constitutions - Group Standing Orders - Group Board recruitment and succession planning procedure Board reporting and monitoring - Board appraisal report to Group Board; - RSL Board Succession Plans - Board induction process - Subsidiary Board reports on appraisal and succession | Compliant |
| 6.3 The RSL ensures that all governing body members are subject to annual performance reviews to assess their contribution and effectiveness. The governing body takes account of these annual performance reviews and its skills needs in its succession planning and learning and development plans. The governing body ensures that any non-executive member seeking re-election after nine years' continuous service can demonstrate their continued effectiveness. | An annual appraisal process is in place and the policy includes self assessment together with a 1-2-1 review with the Chair to evaluate performance. | Group governance framework - Constitutions - Group Standing Orders - Group Board recruitment and succession planning procedure - Board induction process - Board CPD Programme Board reporting and monitoring - Board appraisal report to Group Board; - 3-year Succession Plans including specific agreement to extend beyond 9 years and assessment of continued effectiveness to support this | Compliant |
| 6.4 The RSL encourages as diverse a membership as is compatible with its constitution and actively engages its membership in the process for filling vacancies on the governing body. | Our approach, as documented in our membership policies and constitutions, was reviewed last year and agreed by all relevant Boards taking into account this Regulatory Standard. | Group policies - Membership Policies Group governance framework - Constitutions Board reporting - reports to individual Boards regarding membership changes and assessing compliance with this standard as part of the changes agreed | Compliant |
| 6.5 The RSL ensures all new governing body members receive an effective induction programme to enable them to fully understand and exercise their governance responsibilities. Existing governing body members are given ongoing support and training to gain, or refresh, skills and expertise and sustain their continued effectiveness. | We have a structured approach to board induction and CPD. In addition to this, we take into account operating context, with tailored CPD delivered during the pandemic on virtual meetings and a hybrid approach of both online and in-person going forward. | Induction and training - Induction process - CPD programme - Institute of Directors (IoD) induction programme session on the Role of a Non-Exec Director | Compliant |

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| 6.6 If the governing body decides to pay any of its non-executive members then it has a policy framework to demonstrate clearly how paying its members will enhance decision-making, strengthen accountability and ownership of decisions, improve overall the quality of good governance and financial management and deliver value for money. | The Group Governing Body Remuneration Policy sets out the Group's approach to remuneration - which is to remunerate non-executive positions in order to attract and retain those with the right talents, skills and experience. The remuneration is based on a number of principles, which are set out in the Policy. Currently it is only our Group Board, Group committees and Wheatley Developments that are remunerated roles - remuneration is considered by RAAG for recommendation to Group Board. | Group policy framework - Governing Body Remuneration Policy Board reporting and monitoring - Board reports eg February 2022, September 2022 | Compliant |
| 6.7 The governing body is satisfied that the senior officer has the necessary skills and knowledge to do his/her job. The governing body sets the senior officer's objectives, oversees performance, ensures annual performance appraisal, and requires continuous professional development. | This is overseen via the Group Chair, who undertakes and annual appraisal of the Group Chief Executive and provides feedback to the Group RAAG Committee and Group Board. Recently went through process for appointing new CEO with the recruitment process starting in early 2022 - external recruitment advisors, the Group Chair and Chair of audit were all involved to ensure correct skills and experinece of successful candidate. | Board reporting and monitoring - Confidential minutes of RAAG report to Group Board. | Compliant |
| Standard 7 The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants. Guidance | | | |
| 7.1 The governing body discusses and scrutinises any proposal for organisational change and ensures that the proposal will benefit current and future tenants. | The West Lothian Housing Partnership (WLHP) transfer to Dunedin Canmore (DC) commenced early 2022 - this has been reviewed by the WLHP, DC and Group Boards taking into account the implications for tenants. Cube transferred to WH Glasgow and Loretto in May/June 2021- The Cube, WH Glasgow and Loretto Boards took all the necessary steps for transfer including review proposals and outcome of customer consultation on the proposals to ensure benefits to customers before apporving the transfer. A consultation of the re-branding of WH Glasgow following the Cube transfer took place in autumn 2021- again the WH Glasgow carefully scrutinised plans before approving the change. Name chnages for DC and DGHP took a similar approach. | Board reporting and monitoring - Board reports - Board minutes | Compliant |
| 7.2 The RSL ensures that its governance structures are as simple as possible, clear and allow it to meet the Standards of Governance & Financial Management, Constitutional Requirements, and Group Structures guidance. | We operate a relatively flat and simple corporate structure. Governance Review with advice from Campbell Tickell, supports recent decision to rationalise the Group by dispersing activities of Cube and ultimately winding one entity up. We have now also agreed to undertake further consolidation of the Group structure and the transfer of West Lothian Housing Partnership to Dunedin Canmore is now complete. Intra-group agreements are in place between the parent and each subsidiary. | Group governance framework - Group Standing Orders - Intra-Group Agreements External validation - Campbell Tickell Governance review Board reporting and monitoring - Board packs | Compliant |
| 7.3 The RSL ensures adequate consultation with, and support from, key stakeholders including tenants, members, funders (who may need to give specific approval) and local authorities as well as other regulators. | The Cube traansfer involved significant engagement with key stakeholders, including Local Authorities and customers. The WH Glasgow name change project also involved consultation with customers in autumn 2021 and Stakeholder engagment for the WLHP transfer commenced in March 2022, including engagment with the regulator. Further name change projects also included stakeholder and regulator engagement. | Board reporting and monitoring - Board reports Other - Exchanges with Local Authorities and customers | Compliant |
| 7.4 The governing body is satisfied that the new (or changed) organisation will be financially viable, efficient and will provide good outcomes for tenants. | This was assessed fully by the respective Boards in realtion to the Cube transfer and before progressing with plans for the WLHP transfer i.e. in developing proposal offer which customer were consulted and balloted on. | Board reporting and monitoring - Board reports - Board minutes | Compliant |
| 7.5 The RSL establishes robust monitoring systems to ensure that delivery of the objective of the change and of commitments made to tenants are achieved (for example in relation to service standards, operating costs and investment levels). | We have clear monitoring arrangements in place for ensuring commitments to tenants are monitored and delivered. These will also be reported to the relevant Boards on an ongoing basis. | Board reporting including updates post-transfers, annual rent setting where there has been a rent promise made as part of partnership proposal | Compliant |
| 7.6 Charitable RSLs seek consent/ notify OSCR of changes to their constitution and other changes as appropriate. | OSCR approval sought in respect of WLHP transfer and WH Glasgow name change - also for upcoming DC and DGHP name change . OSCR notified of Cube transfer within timescales i.e. within 3 months. | Formal notification documents to OSCR | Compliant |
| 7.7 The governing body ensures that disposals, acquisitions and investments fit with the RSL's objectives and business plan, and that its strategy is sustainable. It considers these taking account of appropriate professional advice and a consideration of value for money - whether as part of a broader strategy or on a case by case basis. | This is not an ongoing requirement, rather a requirement to be met if and when such activity happens. Such activities remain reserved to the Board unless otherwise delegated under very clear criteria. | Board reporting and monitoring - Sub Board report - Group Standing Orders | Compliant |
| 7.8 The RSL complies with regulatory guidance on tenant consultation, ballots and authorisation. | The three recent instances of re-structure within the Group have demonstrated proper consultation with tenants, even though nothing was conducted in the year of assessment for this statement. | Board reports and associated tenant consultation documentation | Compliant |

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| 7.9 The RSL notifies the Regulator of disposals in accordance with regulatory guidance. | We have a clear, robust internal process in place for ensuring that all disposals are notified to the SHR. All staff who are potentially involved in disposals are clear on where this triggers a notification requirement. The Property Legal team notify the Governance team of any disposals. The Governance team maintain a disposal register and notify the SHR of any notifiable disposals on a monthly basis using the SHR portal. The Governance team check their records against the Property Legal team records on a monthly basis to ensure all disposals are captured. An updated Disposals policy has been approved and rolled out during 2022 . | SHR Portal holds records of all notifiable disposals. Disposals register | Compliant |
| 7.10 The RSL only agrees fixed or floating charges where the assets are used to support core activities. This should exclude providing security in relation to staff pensions. | <p>The Group funding structure is split between 'RSL' and 'Others.' Wheatley Funding No. 1 Limited (WFL1) was formed as a special purpose vehicle to facilitate funding the Group RSLs from bond issuance and bank lenders. WFL1 borrows funds from the bond issuer and banks and on-lends them to the RSLs within the Group in accordance with the criteria set out in the Intercompany Loan Agreements. The Bond is secured against Group Properties. These Charged Properties are named in the Bond Trust Deed and there are requirements to notify the Trustee if the Group wants to add, substitute, release or dispose of a property charged against the Bond loan value. A Secured stock spreadsheet is maintained by the Treasury Team.</p> <p>Annual Valuations on the Group Assets are undertaken by JLL including separate valuations for each funder against assets. In addition, Prudential Securities provides its own report on funding against the Group Assets which Treasury reconcile quarterly against their own records.</p> | Corporate records - Financial records of RSLs and WFL1 - Security spreadsheet | Compliant |

Appendix 1.3

| The constitution of the RSL must comply with all legislative requirements under the 2010 Act (which are not replicated here) and the following regulatory requirements: | Self-Assessment Commentary | Evidence and sources of assurance | Self Assessment |
|---|--|---|-----------------|
| | All RSL rules take into account the SFHA Charitable Model Rules, subject to us ensurin that the reflect our own needs. All constitutions are subject to a) review by individual Boards b) review by our external legal advsiors, and c) agreement by members. | | Compliant |
| 1. It sets out clearly the RSL’s purpose, objects and powers. | WH Glasgow: section 2 of Rules- Objects and purpose; 45-47 Powers Loretto: section 2 of Rules- Objects and purpose; 45-47 Powers WLHP: section 2-4 of Articles- Objects and purpose; 5 Powers WHE: section 2 of Rules- Objects and purpose; 45-47 Powers WHS- section 5 of Articles - Objects and purpose; 6 - Powers | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 2. The RSL is able to fulfil its obligations in terms of its legal status and (if relevant) its obligations as a registered charity. These obligations and how they will be met are set out in the constitution. | Obligations and how these will be met are set out in Rules/Articles | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 3. There is a system for keeping accounts and ensuring an independent audit by an appropriately qualified person. There is a proper procedure for appointing an auditor. The governing body should take whatever measures are necessary to ensure the continuing independence of the auditor including periodic review of the need for audit rotation. The RSL must send a copy of its accounts and the auditor’s report to us within six months of the end of the period to which they relate. | The Group has established financial procedures for preparing the annual accounts. These are kept and prepared within the requirements of our RSLs Rules/Articles. The appointment of auditor is considered annually as part of the AGM. The appointment of the external auditor is also approved by Group Audit Committee who also reviews their performance as part of their annual self-assessment. Audited accounts and auditor's report are presented to the Board for approval in August Board meetings. Accounts presented to members at AGM and audit elected for the following financial year. All annual returns regarding annual accounts are made within required timescales each year including to SHR, OSCR and FCA or Companies House (as apporporate). | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 4. It is clear what investments and borrowing the governing body can authorise. | WH Glasgow: section 18 of Rules Loretto: section 18 of Rules WLHP: section 6 of Articles DCH: section 18 of Rules DGHP- section 7 of Articles | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 5. There is a procedure for dealing with disputes on matters contained within the constitution. | WH Glasgow: section 82 of Rules Loretto: section 82 of Rules WLHP: section 80 of Articles WHE: section 82 of Rules WHS- section 68 of Articles | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 6. It is clear how changes can be made to the constitution. | WH Glasgow: section 88 of Rules Loretto: section 88 of Rules WLHP: section 83 of Articles WHE: section 88 of Rules WHS- section 73 of Articles | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preperation of all constitutional changes. For example, our legal advisors were engaged during the name change process for WH Glasgow which involved holding an SGM on the 29 June 2022 to pass the resolutions for the name chnage and also to update the RSLs rules. The name change was registered with the FCA on 20 July and rule change on 17 August - all other nescessary notifications including to the SHR have been/will be made within required timelines. - Evidence in folder. | Compliant |
| 7. It is clear how the RSL can be closed down. | WH Glasgow: section 86 of Rules Loretto: section 86 of Rules WLHP: section 82 of Articles WHE: section 86 of Rules WHS- section 69-70 of Articles | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| 8. The RSL can demonstrate its governance and financial arrangements are such as to allow the Regulator to regulate effectively, and exercise our full regulatory powers. | Demonstrated through our RSL Rules/Articles, Group Standing Orders and governance policies, RSL Board Terms of Reference, Board meetings and accompanying reports and ongoing regulatory engagment with SHR as required. | All RSL Rules/Articles of Association and supporting Board papers at time of approval. Harper MacLeod are involved in the preparation of all constitutional changes. | Compliant |
| In relation to an RSL within a group structure: | | | |

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| 9. Each organisation within the group must have a distinct legal identity and separate constitution. The constitutional and financial relationships between all organisations in the group (registered or non-registered) must be documented formally and in terms that are transparent and understandable. | All RSLs have their own legal identity and Articles and Rules. Defined Group Structure and organisations enter into an Intra-Group Agreement with the Parent, which defines the relationship. | All RSL Rules/Articles of Association Model Intra Group Agreement | Compliant |
| 10. If any of the organisations within the group are charities, the RSL’s role and relationships with other group members are consistent with charity law. | As set out in RSL Rules/Articles of Association | All RSL Rules/Articles of Association | Compliant |
| 11. The constitutions of group members must enable the parent to exercise control and to take corrective action where required. | Arcticles/Rules set out powers of Parent and where Parent approval is required | All RSL Rules/Articles of Association | Compliant |
| 12. There are procedures in place designed to avoid conflicts of interest, particularly where members of the subsidiary’s governing body are also members of the parent’s governing body. | Register of of interests reviewed and updated annually, declarations of interest as standing agenda item and newly reviewed Conflicts of Interest policy | All RSL Rules/Articles of Association | Compliant |
| 13. Where it is constituted as a subsidiary of another body, the RSL’s constitution permits control by the parent but with sufficient independence to carry out its business, within limits set by the parent. | As per constitutions | All RSL Rules/Articles of Association | Compliant |
| With regard to the governing body of the RSL and the members of the governing body: | | | |
| 14. Recruitment to the governing body is open and transparent. It is clear who is eligible to become a member of the governing body and how to become a member of the governing body whether by election, nomination, selection, etc and how membership is ended. There is a procedure for removing members from the governing body. | WH Glasgow: section 39-44 of Rules Loretto: section 39-44 of Rules WLHP: section 39-44 of Articles WHE: section 39-44 of Rules WHS- section 38-45 of Articles | All RSL Rules/Articles of Association | Compliant |
| 15. There is a procedure by which members stand down from the governing body to allow for a turnover in membership. Governing body members are appointed for specific terms subject to re-election or re-appointment. | Board members are appointed for 3-year fixed terms before re-appointment required. Board members cannot serve beyond 9 consecutive years (unless extended and approved by Parent) - specific terms of this are set out in relevant constitutions | All RSL Rules/Articles of Association | Compliant |
| 16. The membership of the governing body must be no fewer than seven and not normally exceed 15 members, including co-opted members. Names of the governing body members must be accessible to the public. | Composition of Board- WH Glasgow: section 37 of Rules Loretto: section 37 of Rules WLHP: section 37 of Articles WHE: section 37 of Rules WHS- section 37 of Articles All Board members avaible on websites | All RSL Rules/Articles of Association | Compliant |
| 17. The powers and responsibilities of the governing body are clearly set out. | As per constituions | All RSL Rules/Articles of Association | Compliant |
| 18. The roles, powers and responsibilities of governing body office bearers are set out. And any delegation to committees or staff are clearly set out in standing orders and delegated authorities. | As per constitutions and Group Standing Orders WH Glasgow: section 59 of Rules Loretto: section 59 of Rules WLHP: section 59 of Articles WHE: section 59 of Rules WHS- section 60 of Articles | All RSL Rules/Articles of Association | Compliant |
| 19. There are provisions for the RSL to remove a governing body member who does not sign up to the code of conduct and to take action against or remove a governing body member in breach of the code. | WH Glasgow: section 37.5, 37.10, 44.5 of Rules Loretto: section 37.5, 37.10, 44.5 of Rules WLHP: section 37.4, 44.5, of Articles WHE: section 37.5, 44.5 of Rules WHS- section 14 and 44 of Articles | All RSL Rules/Articles of Association | Compliant |
| 20. Where the constitution allows executive staff on to the governing body, they must be excluded from holding office, and cannot form a quorum or a majority. Executive members of the governing body should not receive any additional payment for their governing body role over and above what they are entitled to under their contract of employment. | As per constitutions | All RSL Rules/Articles of Association | Compliant |
| 21. It is clear what types of meetings can and should be held and their purpose. There are clear procedures to call all meetings, and it is clear what the quorum of meetings should be, how resolutions will be passed, and decisions recorded, and how many meetings should take place each year, subject to a minimum of six governing body meetings a year. | As per constitutions - procedure for Board meetings, annual general meetings and special general meetings (or extraordinary general meetings for DGHP) including calling notices | All RSL Rules/Articles of Association | Compliant |
| 22. The governing body cannot act for longer than two months if its membership falls below seven. If at the end of that period it has not found new members then the only power it will have is to act to bring the governing body members up to seven. | WH Glasgow: section 49 of Rules Loretto: section 49 of Rules WLHP: section 49, of Articles WHE: section 49 of Rules WHS- section 14 and 44 of Articles | All RSL Rules/Articles of Association | Compliant |
| 23. There is a clear process to identify and address any conflicts of interest on the governing body. | As per constitutions, Group conflicts of interest policy and standing item on agenda | All RSL Rules/Articles of Association | Compliant |

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| 24. The Chairperson’s role is set out formally; the Chairperson is responsible for the leadership of the governing body and ensuring its effectiveness in all aspects of its role. There is a clear process to select the Chairperson, who cannot be an executive member, and must not hold office continuously for more than five years. | WH Glasgow: section 59.6 of Rules Loretto: section 59.5 of Rules WLHP: section 59.5-59.11, of Articles WHE: section 59.5-59.11 of Rules WHS- section 60.2-60.9 of Articles | All RSL Rules/Articles of Association | Compliant |
| 25. If the RSL pays any of its non-executive governing body members then it must ensure that: a) the governing body takes account of independent guidance in setting payment amounts and can demonstrate value for money; b) the payments are linked to specified duties and there is a clear process for assessing performance in carrying out these duties; c) details of governing body payments are published in the RSL’s annual accounts; and d) where an RSL has subsidiaries it must ensure any payments and benefits to subsidiary governing body members are included in the policy. Charitable RSLs must comply with the Charities and Trustee Investment (Scotland) Act 2005 and any associated guidance from the charity regulator when considering payments or benefits to charity trustees. | As per constitutions - no Board member is paid in capacity of sitting on RSL Board | All RSL Rules/Articles of Association | Compliant |
| 26. The role and status of co-optees is set out. Co-optees do not form part of any quorum required for meetings of the governing body and may not vote on matters directly affecting the constitution and membership of the organisation or the election or appointment of its office bearers. | WH Glasgow: section 42 of Rules Loretto: section 42 of Rules WLHP: section 42 of Articles WHE: section 42 of Rules WHS- section 43 of Articles | All RSL Rules/Articles of Association | Compliant |
| With regard to the general membership of the RSL: | | | |
| 27. It is clear who is eligible to become a member of the RSL and who cannot, and it is clear how to become a member and how membership is ended. Names of the members must be accessible to any other member or anyone with an interest in the RSL’s funds. | This is detailed through a combination of constitutions and membership policies | All RSL Rules/Articles of Association - Membership policies | Compliant |
| 28. Membership of the RSL should reflect the purpose and objects of the RSL. | Members for WH Glasgow and WHG are the Board, so by definition reflect the purpose and objects as they set them Other RSLs have membership policy which set out the membership. Membership primarily open to tenants, Board members and the Parent . Our Board members undertake an annual skills self-assessment against agreed skills matrices to confirm members have the right skills / experience to successfully oversee delivery of the RSL prupose and objects. The skills mapping is used to identify any gaps which informs our succession planning and CPD planning. | All RSL Rules/Articles of Association - Membership policies - Skills self-assessment and skills matrix | Compliant |
| 29. There is a clear procedure, including the quorum and voting procedure, for the membership of the RSL to meet and it is clear what business the membership can discuss and what decisions it can make, subject to a minimum of one annual meeting. | Clearly detailed within each constitution | All RSL Rules/Articles of Association | Compliant |



The Scottish Social Housing Charter

April 2017



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scotland
SCOTTISH GOVERNMENT

The Scottish Social Housing Charter

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1. Introduction

1 Status of the Charter

1.1 As required by section 31 of the Housing (Scotland) Act 2010, the Scottish Ministers, in this Scottish Social Housing Charter, set the standards and outcomes that all social landlords should aim to achieve when performing their housing activities.

1.2 The first Charter came into effect on 1 April 2012 and was reviewed during 2016. This revised Charter was approved by resolution of the Scottish Parliament on 8th February, has effect from 1 April 2017 and continues to apply until the Parliament approves a further revised Charter.

1.3 Before submitting the revised Charter to the Scottish Parliament for approval, and as required by section 33 of the 2010 Act, the Scottish Ministers consulted the Scottish Housing Regulator; tenants in social housing and their representative bodies; social landlords; homeless people; and other stakeholders about the Charter's contents. They have taken account of all their views to ensure that the outcomes in the Charter:

- describe the results that tenants and other customers expect social landlords to achieve
- cover social landlords' housing activities only
- can be monitored, assessed and reported upon by the Scottish Housing Regulator.

1.4 The Charter does not replace any of the legal duties that apply to social landlords, but in several cases the outcomes describe the results social landlords should achieve in meeting their legal duties.

2 Purpose of the Charter

2.1 The Charter helps to improve the quality and value of the services that social landlords provide, and supports the Scottish Government's long-term aim of creating a safer and stronger Scotland. It does so by:

- stating clearly what tenants and other customers can expect from social landlords, and helping them to hold landlords to account
- focusing the efforts of social landlords on achieving outcomes that matter to their customers
- providing the basis for the Scottish Housing Regulator to assess and report on how well landlords are performing. This assessment enables the Regulator, social landlords, tenants and other customers to identify areas of strong performance and areas needing improvement.

2.2 The Regulator's reports also help the Scottish Government to ensure that public investment in new social housing goes only to landlords assessed as performing well.

3 Scope and content of the outcomes and standards

3.1 The Charter has seven sections covering: equalities; the customer/landlord relationship; housing quality and maintenance; neighbourhood and community; access to housing and support; getting good value from rents and service charges; and other customers. It contains a total of 16 outcomes and standards that social landlords should aim to achieve. The outcomes and standards apply to all social landlords, except that number 12 applies only to councils in relation to their homelessness duties; and number 16 applies only to councils and registered social landlords that manage sites for Gypsy/Travellers.

3.2 Each section is accompanied by a short description of the context of the outcome or standard, including the areas of activity to which it applies and any relevant legal duties connected with it. The description is not part of the outcome, and does not tell social landlords how to achieve it. That is a matter for each landlord to decide in consultation with its tenants and other customers.

3.3 During the Charter review, many stakeholders said that all the standards and outcomes should be reflected across the whole of a landlord's activities. For example, the communication outcome requires landlords to manage their businesses so that tenants and other customers find it easy to communicate

with their landlord and get the information they need about their landlord. This information would include how and why their landlord makes decisions and provides its services; how it communicates its plans for providing repairs, maintenance and improvements; how it provides information on housing options; and how it helps tenants sustain their tenancy.

4 Assessing social landlords' achievement of the outcomes

4.1 Social landlords are responsible for meeting the standards and outcomes set out in the Charter. They are accountable to their tenants and other customers for how well they do so. They should ensure their performance management and reporting systems show how well they are achieving the outcomes; identify any areas where they need to improve; and enable them to report to their tenants and other customers and the Scottish Housing Regulator.

4.2 Under the 2010 Act, the Scottish Housing Regulator is responsible for monitoring, assessing and reporting on how well social landlords, individually and collectively, achieve the Charter's outcomes.

5 Reviewing and revising the Charter

5.1 Unless stakeholders raise urgent and significant concerns about how the Charter is working in practice, the Charter will apply for five years from 1 April 2017. In consultation with stakeholders, the Ministers will review its effect during 2021 on the quality and value of social landlords' services, and its value to tenants and other customers, social landlords and the Scottish Housing Regulator.

2. Charter outcomes and standards

The customer/landlord relationship

1: Equalities

Social landlords perform all aspects of their housing services so that:

- *every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.*

This **outcome** describes what social landlords, by complying with equalities legislation, should achieve for all tenants and other customers regardless of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, or sexual orientation. It includes landlords' responsibility for finding ways of understanding the rights and needs of different customers and delivering services that recognise and meet these.

2: Communication

Social landlords manage their businesses so that:

- *tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.*

This **outcome** covers all aspects of landlords' communication with tenants and other customers. This could include making use of new technologies such as web-based tenancy management systems and smart-phone applications. It is not just about how clearly and effectively a landlord gives information to those who want it. It also covers making it easy for tenants and other customers to make complaints and provide feedback on services, using that information to improve services and performance, and letting people know what they have done in response to complaints and feedback. It does not require landlords to provide legally protected, personal or commercial information.

3: Participation

Social landlords manage their businesses so that:

- *tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.*

This **outcome** describes what landlords should achieve by meeting their statutory duties on tenant participation. It covers how social landlords gather and take account of the views and priorities of their tenants, other customers, and bodies representing them such as registered tenant organisations; how they shape their services to reflect these views; and how they help tenants, other customers and bodies representing them such as registered tenant organisations to become more capable of involvement – this could include supporting them to scrutinise landlord services.

Housing quality and maintenance

4: Quality of housing

Social landlords manage their businesses so that:

- *tenants' homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency Standard for Social Housing (EESH) by December 2020.*

This **standard** describes what landlords should be achieving in all their properties. It covers all properties that social landlords let, unless a particular property does not have to meet part of the standard.

If, for social or technical reasons, landlords cannot meet any part of these standards, they should regularly review the situation and ensure they make improvements as soon as possible.

5: Repairs, maintenance and improvements

Social landlords manage their businesses so that:

- *tenants' homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done.*

This **outcome** describes how landlords should meet their statutory duties on repairs and provide repairs, maintenance and improvement services that safeguard the value of their assets and take account of the wishes and preferences of their tenants. This could include setting repair priorities and timescales; setting repair standards such as getting repairs done right, on time, first time; and assessing tenant satisfaction with the quality of the services they receive.

Neighbourhood and community

6: Estate management, anti-social behaviour, neighbour nuisance and tenancy disputes

Social landlords, working in partnership with other agencies, help to ensure as far as reasonably possible that:

- *tenants and other customers live in well-maintained neighbourhoods where they feel safe.*

This **outcome** covers a range of actions that social landlords can take on their own and in partnership with others. It covers action to enforce tenancy conditions on estate management and neighbour nuisance, to resolve neighbour disputes, and to arrange or provide tenancy support where this is needed. It also covers the role of landlords in working with others to tackle anti-social behaviour.

Access to housing and support

7, 8 and 9: Housing options

Social landlords work together to ensure that:

- *people looking for housing get information that helps them make informed choices and decisions about the range of housing options available to them*
- *tenants and people on housing lists can review their housing options.*

Social landlords ensure that:

- *people at risk of losing their homes get advice on preventing homelessness.*

These **outcomes** cover landlords' duties to provide information to people looking for housing and advice for those at risk of becoming homeless. This could include providing housing 'health checks' for tenants and people on housing lists to help them review their options to move within the social housing sector or to another sector.

10: Access to social housing

Social landlords ensure that:

- *people looking for housing find it easy to apply for the widest choice of social housing available and get the information they need on how the landlord allocates homes and on their prospects of being housed.*

This **outcome** covers what social landlords can do to make it easy for people to apply for the widest choice of social housing that is available and suitable and that meets their needs. It includes actions that social landlords can take on their own and in partnership with others, for example through Common Housing Registers or mutual exchange schemes, or through local information and advice schemes.

11: Tenancy sustainment

Social landlords ensure that:

- *tenants get the information they need on how to obtain support to remain in their home; and ensure suitable support is available, including services provided directly by the landlord and by other organisations.*

This **outcome** covers how landlords on their own, or in partnership with others, can help tenants who may need support to maintain their tenancy. This includes tenants who may be at risk of falling into arrears with their rent, and tenants who may need their home adapted to cope with age, disability, or caring responsibilities.

12: Homeless people

Local councils perform their duties on homelessness so that:

- *homeless people get prompt and easy access to help and advice; are provided with suitable, good-quality temporary or emergency accommodation when this is needed; and are offered continuing support to help them get and keep the home they are entitled to.*

This **outcome** describes what councils should achieve by meeting their statutory duties to homeless people.

Getting good value from rents and service charges

13: Value for money

Social landlords manage all aspects of their businesses so that:

- *tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.*

This **standard** covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers; and involving tenants and other customers in monitoring and reviewing how landlords give value for money.

14 and 15: Rents and service charges

Social landlords set rents and service charges in consultation with their tenants and other customers so that:

- *a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them*
- *tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.*

These **outcomes** reflect a landlord's legal duty to consult tenants about rent setting; the importance of taking account of what current and prospective tenants and other customers are likely to be able to afford; and the importance that many tenants place on being able to find out how their money is spent. For local councils, this includes meeting the Scottish Government's guidance on housing revenue accounts. Each landlord must decide, in discussion with tenants and other customers, whether to publish information about expenditure above a particular level, and in what form and detail. What matters is that discussions take place and the decisions made reflect the views of tenants and other customers.

Other customers

16: Gypsy/Travellers

Local councils and social landlords with responsibility for managing sites for Gypsy/Travellers should manage the sites so that:

- *sites are well maintained and managed, and meet the minimum site standards set in Scottish Government guidance.*

This **outcome** includes actions landlords take to ensure that: their sites meet the Scottish Government guidance on minimum standards for Gypsy/Traveller sites, and those living on such sites have occupancy agreements that reflect the rights and responsibilities set out in guidance.

All the standards and outcomes in the Charter apply to Gypsy/Travellers.

Scottish Government
April 2017

3. A note about language

We use some key phrases throughout the Charter, which we explain below.

Housing (Scotland) Act 2010, section 31

Section 31 of the Act says that:

‘Ministers must set out standards and outcomes which social landlords should aim to achieve when performing housing activities.

‘The document in which those standards and outcomes are set out is to be known as the “Scottish Social Housing Charter”.’

Long-term aims

The Scottish Government has five long-term aims, known as the strategic objectives. Everything it does should contribute towards making Scotland:

- wealthier and fairer
- healthier
- safer and stronger
- smarter
- greener.

The Charter supports the aim of creating ‘A safer and stronger Scotland’.

Outcome

- An outcome is a result we want to happen.
- The Charter sets out the results that a social landlord should achieve for its tenants and other customers.
- The Charter is not about what a landlord does or how it does it. It is about the customer’s experience of using a landlord’s services.

Scottish Housing Regulator

The Regulator is the independent body that the Scottish Parliament created to look after the interests of people who are or may become homeless, tenants of social landlords, or users of the services that social landlords provide. The Regulator monitors, assesses, and reports on how landlords are performing against the Charter's outcomes and standards.

Scottish Housing Quality Standard (SHQS)

The SHQS is the Scottish Government's main way of measuring the quality of social housing in Scotland.

Energy Efficiency Standard for Social Housing (EESH)

The EESH aims to improve social housing's energy efficiency in Scotland. It will help to reduce energy consumption, fuel poverty and greenhouse gas emissions. The standard will also contribute to reducing carbon emissions by 42% by 2020, and 80% by 2050, in line with what's required by the Climate Change (Scotland) Act 2009.

Social housing

Housing provided by councils and housing associations under a Scottish Secure Tenancy or Short Scottish Secure Tenancy.

Social landlord

- A council landlord.
- A not-for-profit landlord, registered with the Scottish Housing Regulator (for example, a housing association, or co-operative).
- A council that does not own any housing but provides housing services, for example services for homeless people.

Stakeholder

A person or organisation with an interest in social housing and the way it is regulated. The following are some examples of stakeholders:

- The Scottish Housing Regulator.
- Tenants of social landlords and bodies representing their interests.
- Homeless people and bodies representing their interests.
- Users of housing services provided by social landlords and bodies representing the interests of those users.
- Social landlords and bodies representing their interests.
- Secured creditors of registered social landlords and bodies representing those secured creditors.
- The Accounts Commission for Scotland.
- The Equalities and Human Rights Commissions and other bodies representing equal opportunities interests.

Standard

A level of quality that every social landlord should achieve.

Tenants and other customers

- People who are already tenants of a social landlord.
- People who may become tenants in the future – for example, someone who has applied for a tenancy.
- Homeless people.
- People who use the housing services provided by a social landlord – for example, home owners who pay a social landlord to provide a factoring service, or Gypsy/Travellers who use sites provided by a social landlord.



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Report

To: Wheatley Housing Group Board

By: Laura Pluck, Group Director of Communities

Approved by: Steven Henderson, Group Chief Executive

Subject: Winter Resilience Planning

Date of Meeting: 26 October 2022

1. Purpose

- 1.1. To update the Board on our approach to winter resilience planning this year in respect of our business operations and support for customers experiencing severe hardship.

2. Authorising and strategic context

- 2.1. The Group Standing Orders delegates operational winter resilience planning to the Group CEO; but in the context of the ongoing risks from economic factors impacting our customers' household costs as well as the continuing threat of COVID-19 this report provides an update on our winter planning approach.
- 2.2. 'Delivering Exceptional Customer Experience' and 'Changing Lives and Communities' are key strategic themes of the Your Home, Your Community, Your Future Strategy 2021- 2026. The paper sets out our winter planning approach which seeks to maintain customer service levels consistently throughout this period by anticipating and planning proactively for the winter months and unique challenges it brings to the organisations within Wheatley Group including supporting customers to develop economic resilience.

3. Background

- 3.1. We have well established approaches that have been deployed in previous years to address the operational business risks of the winter period across all business areas. Over the last two years these plans have been augmented to set out the wider actions and approaches developed, and measures taken to mitigate against business impact linked to the pandemic.
- 3.2. This year, winter planning continues to be enhanced focusing on current risks around business continuity throughout the winter months, addressing the impact of ongoing Covid infection risk, as well as the potential impact of the cost-of-living crisis on tenants. The approaches developed reflect both the learning of the last 3 years and the revised approach to business continuity planning as approved at Board in June 2022.

- 3.3. The report sets out the key areas of risk and the measures in place or underway to mitigate anticipated winter impact.

4. Discussion

Cost-of-living crisis

- 4.1. One of the biggest challenges facing us this winter is to adequately support tenants through the cost-of-living crisis. Tenants are experiencing exceptional pressures on their income because of the continuing increase in the rate of inflation which is higher than in the last 40 years and we expect that the challenges tenants face will be significantly harder throughout the autumn and winter months than we have seen year to date.
- 4.2. In August 2022, the Board approved the launch of a £6 million pound 'Here for you' fund and campaign with the aim of supporting customers through the exceptional cost-of-living crisis. The campaign and fund were launched internally with staff in mid-September. This is planned to run until the end of March 2023 covering the period which we most expect people to be in crisis and in need of support.
- 4.3. The campaign is focused on proactively offering advice and signposting to the wide-ranging external support available, referrals to internal wraparound services and offering financial assistance where required for the purposes of supporting individuals with the cost of food, fuel or support with rent payments.
- 4.4. Advice and signposting to external support is a critical element of the campaign by focusing on highlighting and maximising access to the plethora of support available from 3rd parties such as 3rd sector organisations, our partners, energy providers and local authorities. The digital directory developed has over 150 entries contained within it across all the geographies we operate in and it continues to be updated regularly by members of the project team to ensure it is a live and current document.
- 4.5. The Programme for Government set out a number of ways in which individuals will be supported including increasing the Tenant Grant Fund available and widening the criteria for Discretionary Housing Benefit ("DHP") payments. We have successfully supported customers to access £535k of Tenant Grant Fund in its first phase earlier this year. We await further details of when the additional funding will be available, with teams ready to support those who qualify to access this. Welfare Benefits Advisors are working with teams to further develop understanding of when DHP can and should be applied for.
- 4.6. External grant funding is being accessed at every possible opportunity to enhance how we can support tenants. On the last 3 months Wheatley Group subsidiaries have successfully been awarded £322k;
- £234k SFHA to provide energy advice, fuel vouchers, light bulbs and low energy cooking appliances
 - £8k Big Energy Savings Network to provide energy advice and to upskill 23 staff in energy advice
 - £80k Dumfries and Galloway Council for pre-payment vouchers for older vulnerable customers of Wheatley Homes South.

- 4.7. Additionally, we have submitted another 2 bids equating to £520k which will cover the costs of more frontline resources with a specific focus on energy advice for Lowther tenants and factored owners, individuals who have self-disconnected or those impacted by mould and damp. A small proportion of this will also be used to purchase products such as bulbs, torches, draught excluders, and shower timers.
- 4.8. We are closely monitoring referrals and draw down of financial assistance in order that we can sufficiently wrap the right services around customers. We have made additional changes to our recording and reporting systems so that there is one view of the customer in terms of support they have received which further supports proactive, meaningful, and personalised conversations by frontline teams.

Rent campaign

- 4.9. Our highly successful rent campaigns are launched each year and run from November to January. As is always the case, the annual rent campaign focuses on early intervention and supporting tenants to pay their rent and reduce the risk of debt. The campaign has been designed this year to reflect the challenges faced by customers and complement the messaging of the 'Here for you' campaign by stressing that we are here to help everyone, whatever their circumstance and we are available 24/7.
- 4.10. The key outcomes of the campaign are to;
- Maximise income collection over the Christmas period
 - Reduced number of customers in arrears – reducing the stress of debt
 - Increase in customers paying by Direct Debit
 - Increased use of appropriate wraparound services
 - Increased number of customers contacted during campaign

Business Continuity

- 4.11. Business Continuity and its planning is well established across the Group subsidiaries for the purpose of returning to normal levels of service following an incident which causes disruption and affects our ability to provide key services. The Board approved the revised and strengthened approach to Business Continuity earlier this year at the June Board meeting.
- 4.12. Following this, Business continuity co-coordinators 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.
- 4.13. Revised business continuity plans and associated impact assessments are well under development and will be finalised and ready for implementation by the 14th of November. Continuity plans consider risk and impact in respect of the following areas as a minimum:
- Loss of Key Suppliers and Supply Chain
 - Loss of IT, Data Networks and Data Servers
 - Epidemic / Pandemic Outbreak
 - Severe Weather Event
 - Loss of Utilities
 - Fuel Supply Shortage
 - Local and National power outage(planned and unplanned)

- 4.14. As reported recently in the media the UK Emergency Planning Teams are preparing for the potential of planned power outages this winter. This is being planned for in the work being undertaken to develop full Business Continuity Plans. The Director of Health and Safety has liaised with the Scottish Business Resilience Centre around planning for this with dedicated sessions planned with key staff to ensure we have considered fully, all risks associated with this.
- 4.15. We have a detailed suite of emergency response plans and escalation procedures covering all Group partner organisations, Customer First Centre, City Building Glasgow (“CBG”) and other key contractors. These plans set out specific protocols if faced with any of the events described above such as severe weather (snow, storm, and flood) as well as practical issues such as snow socks, grit, sandbags, temp cooking, key contact information and emergency staff cover arrangements. The plans reflect legislative and regulatory requirements and priorities relevant to each subsidiary and business area.

Repairs

- 4.16. Work is well underway to clear all November, December, and January gas servicing expiries ahead of the Christmas break for relevant Group partner organisations. We are working together with CBG on our annual approach to winter inclement weather (cold spells) ensuring there are sufficient resources available to meet demand for gas and heating breakdowns. A similar approach is being followed within our East and South repairs teams.
- 4.17. We will, as in previous years, step up the level of monitoring of repairs, for example reviewing repairs raised in the previous 24 hours to monitor demand. Any significant spikes in demand because of winter weather events or negative trends can be quickly identified and escalated to target resources or inform key business areas. Weather warnings/patterns will be monitored daily by our Customer First Centre, Housing, Care and Repairs teams.

Winter Home Checks

- 4.18. Since 2012, we have carried out over 19,500 winter checks. We will again offer Winter Home Checks to customers over 60 years of age or customers who have a disability, based on frontline referrals or a specific request from a customer. This will be augmented with “keeping warm and safe” advice on our websites and social media channels.

Infection prevention and response

- 4.19. Covid, flu and general infection control remains an important consideration in our planning through this winter. General Infection Prevention and Control Training remains available on My Academy for all staff. This promotes good infection, prevention, control procedures, donning on/off PPE, awareness of symptoms and signposting to national IPC Manual.
- 4.20. Coronavirus Awareness Training has been delivered extensively and whilst many social restrictions have been eased and the course outdated, the retention of knowledge remains current in reducing the risk of infection.

- 4.21. Working Safely with COVID (Care) Guidelines have been updated in the last few weeks to reflect changes in Public Health Scotland Guidance and our guidance and Operating Safety Manual (OSM) reflect this. Despite ease of restrictions, we continue to maintain 12 weeks of supply of relevant PPE, provide sanitiser and cleansing wipes in all areas of the business as well as maintain a stock of LFD for staff to use should they be symptomatic.
- 4.22. COVID-19 vaccination programme is underway for care staff, and we are actively noting uptake levels to inform risk assessments. We have a flu vaccination programme currently underway in our Centres of Excellence which are available to all staff. Where staff do not book an appointment via this programme, we encourage them to utilise working time to access the vaccination through their GP or pharmacist.
- 4.23. We continue to monitor daily the number of staff covid infections and compare with national trends to determine any action required. Numbers have continued to be well below national figures at 1% (every 10 rolling days).

5. Customer engagement

- 5.1. Customer engagement will take place through Housing Officer/Care customer conversations or targeted contact as part of the rent or 'Here for you' campaigns.
- 5.2. We will seek feedback from customers on our support and services over the winter to inform future planning.

6. Environmental and sustainability implications

- 6.1. There are no environmental and sustainability implications arising from this report.

7. Digital transformation alignment

- 7.1. We communicate relevant winter planning information to customers through a range of face to face, telephony and digital methods including social media, bulk texting and emails.
- 7.2. All staff across Wheatley Group organisations have access to handheld technology and can be contacted and have messages promptly disseminated should the need arise in any emergency event.
- 7.3. Business Continuity and emergency plans and protocols are retained digitally on SharePoint as well as hard copies with key personnel in the event of limited or no access to IT systems.

8. Financial and value for money implications

- 8.1. The activities set out in this report will be delivered from within existing partner organisation budget allocations and reflect what customers value.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1. The Group risk appetite in respect of business continuity and supporting our customers through the cost of living is 'hungry; Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

- 10.2. Risks and associated mitigation is set out below;

- **Service failure as a result of unplanned emergency situations;** robust standard business continuity planning is in place and overseen by the Director of Health and Safety and other business leads. This is augmented by additional winter planning which considers all relevant and current risks and proactively plans to mitigate against these.

11. Equalities implications

- 11.1. There are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1. We have well established approaches that have been deployed in previous years to address the operational business risks of the winter period across all business areas. Planning this year reflects current areas of risk including the cost of living crisis, and COVID-19 infection.

- 12.2. Winter planning is well underway in each business area and will be continuously monitored and reviewed as we progress throughout the winter months.

13. Recommendations

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

Report

To: Wheatley Group Housing Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Performance report

Date of Meeting: 26 October 2022

1. Purpose

- 1.1 This report presents an update on performance delivering against targets and strategic projects for 2022/23 as of the end of quarter 2.

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. A strategy refresh is being undertaken in 2022/23.
- 2.2 The Group Board approved the overarching structure for the implementation of our strategy via our Group Performance Management Framework (“PMF”) at its meeting in June 2021. Given the need to remain agile and flexible through the life of the strategy, our PMF is subject to annual review. The Board therefore agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2022.
- 2.3 Under the Group Standing Orders the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the agreed measures. Individual RSL Boards are responsible for approving their Annual Return on the Charter (“Charter”) returns. They are also responsible for monitoring RSL performance against agreed targets.

3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2022/23 as of the end of quarter 2. This includes quarterly progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Charter 2022/23. It also includes new measures for 2022/23 covering areas of performance related to the implementation of our engagement model, visibility of the Customer First Centre and monitoring of the strength of our Boards and administration.

- 3.2 Several strategic results were new in 2021/22 for our 2021-2026 strategies and therefore involve work to establish baselines. Active use for those with online accounts is reported from quarter 2 2022/23. Work continues on new approaches to collection, collation, and reporting of the remaining outstanding measures. The measures will be reported once available and based on the appropriate frequency (quarterly or annual).
- 3.3 Since 1 April 2022 GHA has been known as Wheatley Homes Glasgow. Wheatley Homes Glasgow (and “WHG”) is therefore now referred to in 2022/23 performance papers.
- 3.4 Cube’s properties migrated to WHG in April 2021 and to Loretto at the end of July 2021. To reflect the different rent billing cycles for Cube customers, for financial rent-based measures we report WHG A and WHG B. WHG B distinguishes those previous Cube customers whose rent is billed differently. The same approach is also used for Loretto.
- 3.5 Since 28 September 2022 DGHP has been known as Wheatley Homes South. Wheatley Homes South (and “WHS”) is therefore now referred to in 2022/23 performance papers.
- 3.6 Following a successful ballot, WLHP transferred to DC in September and subsequently created Wheatley Homes East. Wheatley Homes East (and “WHE”) is therefore now referred to in 2022/23 performance papers and includes previous WLHP.
- 3.7 To reflect the different rent billing cycles for ex-WLHP customers, for financial rent-based measures we report WHE A and WHE B. WHE B distinguishes those previous WLHP customers whose rent is billed differently.

4. Discussion

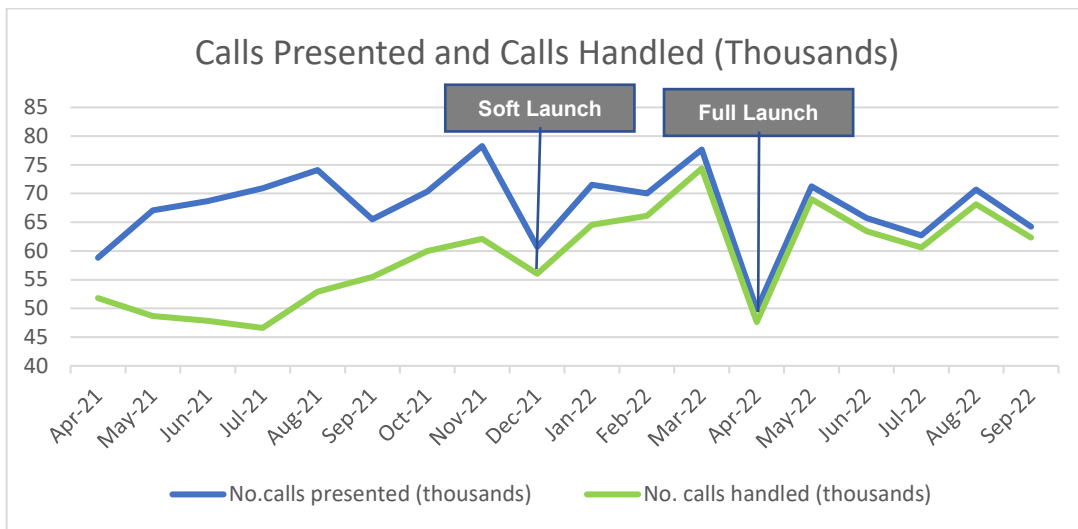
- 4.1 Progress for strategic and other headline measures against targets 2022/23 will firstly be discussed, by strategic theme. This is followed by progress on this years’ strategic projects. Appendices 1-2 detail all Board measures and Appendix 3 the strategic projects.
- 4.2 SHR published ARC 21/22 results, including Scottish Averages, on 31 August 2022. Scottish Averages 21/22 are therefore referred to as applicable in the following sections, supporting narrative on comparison across the sector.



Delivering Exceptional Customer Experience

Customer First Centre

- 4.3 The Customer First Centre was fully launched to customers on 1st April 2022. The Quarter 2 Group-wide results to the end of September continue to demonstrate the CFC is performing well against the new measures and targets.
- 4.4 While the CFC continues to experience seasonal fluctuations in demand, the CFC is more consistently handling a higher volume of calls than they have in the past. The chart below displays the calls presented to the CFC and the calls handled from April 2021 to September 2022. It is useful to note that under our new operational model the CFC also handles non-voice channels, including Webchat. By way of example, the CFC handled 842 Webchats in September.

Chart 1

- 4.5 The CFC's performance remains strong through quarter 2 – characterised by less abandoned calls, a well performing grade of service and a better than target average wait time. Key results are summarised in the below table.

Table 1

| Measure | 2021/22 | 2022/23 | | |
|---|---------------------|------------|------------|--------|
| | Value | Value | Target | Status |
| Group - % calls answered <30 seconds (Grade of Service) | 85.42% (March 2022) | 84.93% | 80% | ✓ |
| Group - Average waiting time (seconds) | 30 (March 22) | 27.90 | 30 | ✓ |
| Group - Call abandonment rate | 3.81% (March 2022) | 3.23% | 7% | ✓ |
| Group - % first contact resolution at CFC (Customer Service Advisors) | 92.33% (March 2022) | 88.58% | 90% | ⚠ |
| [redacted] | [redacted] | [redacted] | [redacted] | ✓ |

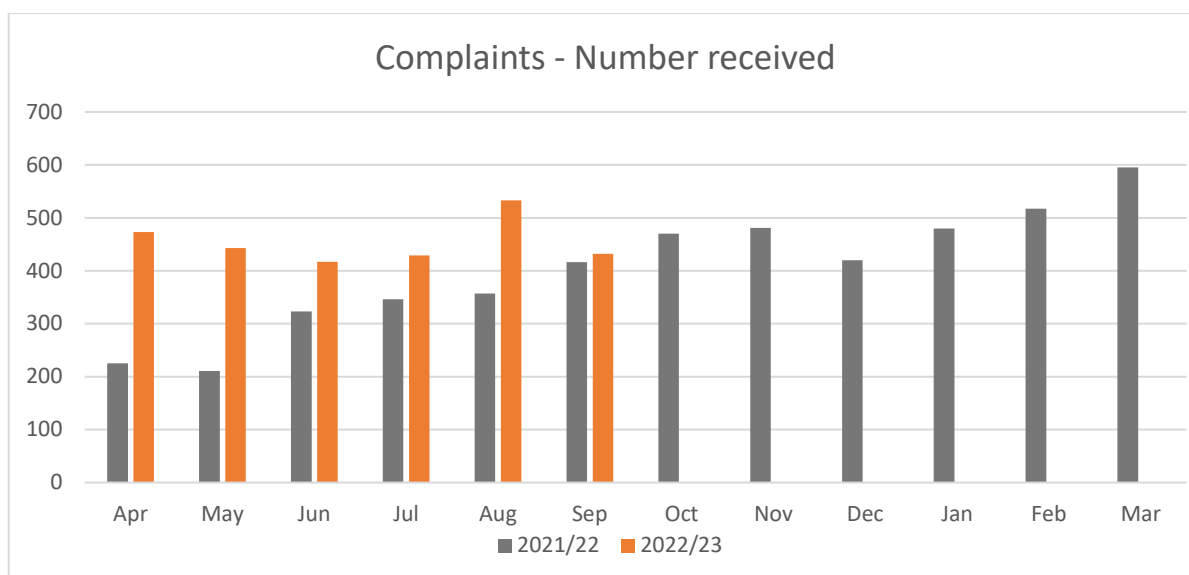
- 4.6 Encouragingly, the CFC answered 84.93% of calls within 30 seconds, against a target of 80%. Customers wait an average of 28 seconds, within the target of 30 seconds. The call abandonment rate for our customers is only 3.23%, far exceeding the target of 7%.
- 4.7 The percentage of calls to CFC resolved at first contact, by Customer Service Advisors, is 88.58% Group-wide against a target of 90%. Performance in quarter 2 has improved slightly from quarter 1 when it was at 88.45% and importantly, a high proportion of customer demand continues to be contained within the CFC.

- 4.8 The percentage of CFC customer interactions being passed to Housing and Lowther staff on the frontline is at 6.33% Group-wide. This has increased marginally from 6.15% at the end of quarter 1 but is still well within the <10% target. This is a key element of our new operating model, with the CFC capturing traffic and enabling frontline staff to spend more time in communities and supporting customers.

Complaints Handling

- 4.9 As shown in the below graph, complaints levels have been broadly steady, with the increase in August linked to the [redacted] and the post summer increase in repairs activity.

Chart 2



- 4.10 While the single largest category of complaints continues to be repairs 49.3%, this has reduced since end quarter 1 where repairs complaints were 54.9% of all complaints. It should be noted that all complaints received year-to-date are less than 1% of all repairs carried out and are up c15% on pre-covid levels.
- 4.11 The table below outlines the Charter measure, average time for a full response to complaints (working days) by stage 1 and stage 2. Performance in 2022/23 for all RSLs is exceeding targets this year. All RSLs are performing better than the SHR published Scottish Average 2021/22 of 5.8 days for Stage 1 and 27.4 days for Stage 2.

Table 2

| Charter - average time for a full response to complaints (working days) | | | | | | |
|---|---|---|--|--|---|--|
| Subsidiary | 2021/22 | | 2022/23 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target | | | |
| | | | Period 6 | | YTD | |
| | Stage 1 | Stage 2 | Stage 1 | Stage 2 | Stage 1 | Stage 2 |
| DGHP | 4.74 ■ | 21.95 ■ | 3.72 ■ | 19.56 ■ | 3.70 ■ | 17.97 ■ |
| WHE | 3.92 ■ | 18.92 ■ | 4.12 ■ | 19.50 ■ | 3.80 ■ | 17.84 ■ |
| WHG | 3.98 ■ | 20.78 ■ | 3.76 ■ | 18.58 ■ | 3.91 ■ | 18.07 ■ |
| Loretto | 3.62 ■ | 21.33 ■ | 3.76 ■ | 18.58 ■ | 3.50 ■ | 16.91 ■ |
| West Lothian (at end of P5) | 4.19 ■ | N/A | 3.00 ■ | N/A | 3.42 ■ | 15.00 ■ |

- 4.12 The table below outlines the average time for a full response (working days) overall. DGHP are the only RSL not achieving target in P6 but YTD they are still on track. All RSLs year to date are achieving the new overall target of 6 days (reduced from 8 days last year):

Table 3

| Charter - average time for a full response to complaints (working days) | | | | | | | |
|---|-------------------------------|---|----------------------------|---|----------|---|------|
| Subsidiary | 2021/22 Target - 8 days | | 2022/23 Target – 6 days | | | | |
| | | | Period 5 | | Period 6 | | YTD |
| DGHP | 5.94 | ■ | 5.20 | ■ | 6.69 | ■ | 5.23 |
| WHE | 5.83 | ■ | 4.44 | ■ | 5.78 | ■ | 5.42 |
| WHG | 6.05 | ■ | 5.42 | ■ | 5.72 | ■ | 5.55 |
| Loretto | 5.04 | ■ | 4.55 | ■ | 4.40 | ■ | 5.20 |
| West Lothian (at end of P5) | 4.19 | ■ | 3.00 | ■ | 3.00 | ■ | 4.31 |

- 4.12.1 Future Complaints reporting: The Scottish Public Services Ombudsman's revised complaint handling guidance (published April '21) requires mandatory reporting and publication of complaints performance statistics, complaints trends and outcomes, and actions taken to improve services.

- 4.12.2 During quarter two we have had clarification from SPSO and the Complaints Handlers Network on reporting requirements and we aim to report on them from quarter 3 onwards. One of the key differences will be reporting on all complaints received regardless of the relationship the customer has with us.

- 4.13.3 As there is a similarity to the measures reported in the Charter, and an overlap of complaints from some customer groups, we will make clear in future papers and publications the key differences between ARC and SPSO reporting requirements.

Tenancy Sustainment

- 4.13 The Group-wide RSL tenancy sustainment for the Charter measure has fallen just 3 sustained lets below the 90% target to 89.95%, with the revised measure (excluding deaths and transferring within the Group) remaining better than the 91% target at 91.73%.
- 4.14 All RSLs except WHS, remain better than target for both indicators. WHS did show improvement in Period 7 and project they will meet their 88% Charter target by Period 10 this year.

Chart 3

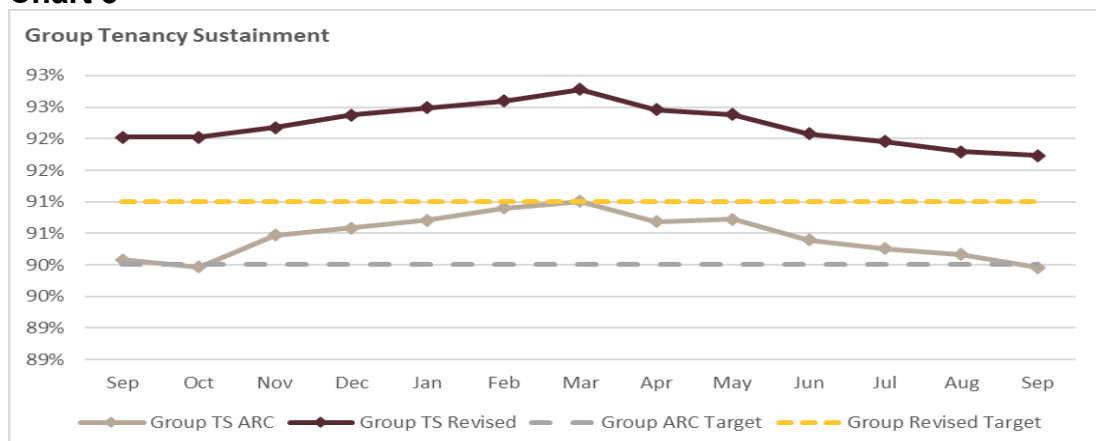





































Table 4

| Tenancy Sustainment | Charter | 2022/23 Target | Revised | 2022/23 Target |
|---------------------|---------------|--|---------------|--|
| WHE | 90.23% | 90%  | 92.51% | 91%  |
| WHS | 86.48% | 88%  | 88.68% | 89%  |
| WHG | 90.80% | 90%  | 92.38% | 91%  |
| Loretto | 90.32% | 90%  | 92.57% | 91%  |
| Group | 89.95% | 90%  | 91.73% | 91%  |

Customer Voices

- 4.15 The following table provides customer voice activity results against targets year to date. Note that WLHP has been amalgamated with WHE following transfer.

Table 5

| Indicator | Current performance (YTD) | Target (YTD) | 2022/23 Target | Annual |
|--|---------------------------|---|----------------|--------|
| Number of Customers involved in the Customer Voices programme | | | | |
| Group | 1,651 | 780  | 1550 | |
| WHG | 834 | 502  | 1000 | |
| WHE | 283 | 128  | 200 | |
| WHS | 474 | 124  | 250 | |
| Loretto | 60 | 26  | 50 | |
| Number of the Customer Voices activities carried out | | | | |
| Group | 666 | 317  | 622 | |
| WHG | 439 | 218  | 434 | |
| WHE | 101 | 36  | 54 | |
| WHS | 107 | 49  | 98 | |
| Loretto | 19 | 14  | 26 | |
| Number of Geographical/ Regional panels | | | | |
| Group | 14 | 9  | 15 | |
| East | 2 | 1  | 3 | |
| WHG | 10 | 6  | 9 | |
| Loretto | 1 | 1  | 3 | |
| South | 1 | 1  | 3 | |
| Number of customers involved in Geographical/ Regional panels | | | | |
| Group | 282 | 256  | 525 | |
| East | 67 | 25  | 75 | |
| WHG | 182 | 171  | 300 | |
| Loretto | 17 | 10  | 30 | |
| South | 16 | 50  | 150 | |
| Number of Scrutiny panels | | | | |
| Group | 14 | 6  | 17 | |
| WHG | 10 | 4  | 12 | |
| WHE | 1 | 0  | 1 | |
| WHS | 2 | 1  | 2 | |
| Loretto | 1 | 1  | 1 | |

- 4.16 All results are on track except for the number of customers involved in WHS regional panels. This was due to a delay in the WHS panel as a result of various other consultation strands ongoing through the summer and we expect this to be on track in the next quarter. The definition of customers involved in panels has been extended to include those involved in the lead up to the panel via conversations, emails and surveys.

- 4.17 Our customer voice programme has steadily progressed over the first half of the year. Recruitment of customer voices has been particularly successful, and this has laid a strong foundation for inviting people to attend the various engagement events. Our initial engagement events have shown that there is an appetite for a mix of approaches – both online and in person. This tends to vary by subsidiary and by topics. As a result, we will continue to offer Teams events as well as those in person. Our experience shows that smaller numbers tend to work better on Teams events and also that a proportion of people will drop out on the day. We are now able to target and scale our bookings based on this experience.
- 4.18 We have used the Menti tool to obtain instant feedback in customer engagement sessions. This is based online and relies on the use of a smart phone. It has worked well in some situations – particularly face to face where staff can help with issues – but doesn't work in every situation. Staff are adopting an agile approach which uses digital and manual feedback based on the customer group and nature of the event. Customers have fed back that, in addition to being involved in shaping policy and practice, they also appreciate the ability to meet staff, in particular more senior staff. Those who were involved in the family survey in the spring have appreciated the opportunity to come back to consider the implementation in later engagement sessions.
- 4.19 In addition to our range of local engagement events we have also carried out extensive customer engagement to shape our allocation policy. This had high response levels to the survey and demonstrated that text messages tend to be the most effective way of encouraging our customers to respond to surveys.



Making the Most of Our Homes and Assets

New Build Programme

- 4.20 Our revised aim is to deliver 4,000 new homes over the course of the five-year strategy. Our revised target in 2022/23 is to deliver a total of 670 new homes; 180 of which carried over from 2021/22. Of these new homes, 497 are social rent and 173 MMR.
- 4.21 The below table shows the completions and targets to the end of September, 349 homes have been handed over against a YTD target of 518. The following table shows the variance overall, and by tenure and subsidiary.

Table 6

| All New Builds | | Social | | | | | | MMR | | | |
|----------------|-------------|------------|-----------|------------|------------|------------|-----------|------------|------------|----------|------------|
| | | All | WHG | LH | DC | WLHP | WHS | All | WHG | DC | WLHP |
| Target | 518 | 363 | 26 | 127 | 53 | 120 | 37 | 155 | 129 | 0 | 26 |
| Actual | 349 | 270 | 26 | 118 | 18 | 71 | 37 | 73 | 73 | 0 | 6 |
| Variance | -169 | -93 | 0 | -9 | -35 | -49 | 0 | -76 | -56 | 0 | -20 |

- 4.22 Handovers in the quarter comprise a mixture of social units for DGHP (37), Loretto (114), DC (18) and WLHP (60) and: 46 MMR for WHG and 6 for WLHP.

- 4.23 Handovers and delays to end September are shown in the below table. This table details only those sites with completions due in 2022/23. It is noted that no sites are due for completion as part of the Lowther programme in 2022/23.

Table 7







| Sites | Handovers (YTD) | Target (YTD) | Diff. |
|------------------------------|-----------------|--------------|-------|
| Wheatley Homes Glasgow | 99 | 155 | -56 |
| Damshot (Social) | 26 | 26 | 0 |
| Hurlford Avenue (MMR) | 27 | 27 | 0 |
| Watson St Ph2 (MMR) | 46 | 46 | 0 |
| Sighthill (MMR) | 0 | 56 | -56 |
| Loretto Housing | 118 | 127 | -9 |
| Dargavel (Social) | 15 | 35 | -20 |
| Hallrule Drive (Social) | 32 | 32 | 0 |
| Sawmill Field (Social) | 6 | 0 | 6 |
| Queens Quay (Social) | 65 | 60 | 5 |
| WLHP | 77 | 146 | -69 |
| Almondvale (Social) | 71 | 120 | -49 |
| Almondvale (MMR) | 0 | 26 | -26 |
| Blackness Road (Social) | 0 | 0 | 0 |
| Blackness Road (MMR) | 6 | 0 | 6 |
| WHS | 37 | 37 | 0 |
| Gillwood Road (Eastriggs) | 18 | 18 | 0 |
| Nursery Avenue (Social) | 19 | 19 | 0 |
| Dunedin Canmore | 18 | 53 | -35 |
| The Wisp Phase 3C (Social) | 0 | 35 | -35 |
| Roslin Ph1 (Social) | 0 | 0 | 0 |
| Penicuik (Social) | 0 | 0 | 0 |
| South Gilmerton (Social) | 18 | 18 | 0 |
| Lanark Road, Edinburgh (MMR) | 0 | 0 | 0 |

- 4.24 We still expect to achieve our Group target of 670 new homes in 2022/23. It is expected that Loretto, WHG, WHS and WHE will be on target to complete all programmed units this financial year.

Planned to Reactive Spend

- 4.25 We have set a Strategic Result to achieve a ratio of planned to reactive spend on maintaining our properties of 60% to 40%. Spend figures are subject to investment programme profiling throughout the year.
- 4.26 As shown in the below table, our planned spend ratio has reduced compared to last year, with all our Group RSLs below the 60% planned target. This is due to priority being given to reducing the repairs backlog from 2021/22 during Q1 2022/23 and the resultant lower investment output in this period.
- 4.27 The variances shown for planned spend to compared to full year 2021/22 were -18.8 at end of quarter 1 and has reduced to -14.4 at end of this quarter as investment programme delivery has commenced. Our Group wide ratio on planned spend has increased to 51.5% end of this quarter compared 47.1% last quarter.


Table 8

| Percentage Spend 2022/23 | | Planned 2021/22 | Planned 2022/23 (Sept 22) | Variance (21/22 to Sept 22) | Reactive 2022/23 (Sept 22) |
|--------------------------|--------------|-----------------|---|-----------------------------|----------------------------|
| West | WHG | 65% | 50.6%  | -14.4 | 49.4% |
| | Loretto | 68% | 54.0%  | -14.0 | 46.0% |
| East | WHE | 58.6% | 57.7%  | -0.9 | 42.3% |
| | WLHP (to P6) | 59.2% | 42.8%  | -16.4 | 57.2% |
| South | WHS | 69.1% | 51.1%  | -18.9 | 48.9% |
| Group total | | 65.9% | 51.5%  | -14.4 | 48.5% |
| | | | £30,869,987 | | £29,064,248 |

Volume of Emergency Repairs

- 4.28 The table below shows our position against the Strategic Result to incrementally reduce the overall volume of emergency repairs by 10% by 2026 compared to the new baseline year of 2021/22. The Group variance between 2021/22 and 2022/23 is -1.31% at the end of September, Q2, below the target to reduce by 2.5% for the year.
- 4.29 While the variance in the West shows an increase compared to the same period 2021/22, the difference is only 194 additional repairs. Variances in East and South show more significant reductions in the numbers of emergency repairs completed year to date.

Table 9

| Area | Completed Emergency Repairs | | |
|--------------|-----------------------------|------------------|---|
| | YTD Sept 2021/22 | YTD Sept 2022/23 | Variance |
| WHG | 32,854 | 33,049 | +0.59%  |
| Loretto | 1,862 | 1,861 | -0.05%  |
| WHE | 4,140 | 3,831 | -7.46%  |
| WHS | 6,657 | 6,177 | -7.21%  |
| Total | 45,513 | 44,918 | -1.31%  |

Repairs Timescales and Right First Time











- 4.30 High demand for repairs has continued into this quarter and the management of this demand remains a priority. As set out in a more detailed repairs transformation programme update, our focus is on responding to customer feedback and priorities.
- 4.31 This will include a range of improvements to enhance communications, repairs completed first time and follow on repairs. As part of this we will be considering how our repairs performance measures better reflect the experience of our customers.
- 4.32 An expanded, refreshed set of repairs related performance measure will therefore be developed for future reporting which give us insight on the customer experience rather than just the ARC related technical measures.

- 4.33 For example, this will include the balancing the time to appointed deliver repairs with how many repairs are fully fixed on the first visit and reducing follow on work. We will however require to continue measuring performance under the ARC methodology as set out below:

Timescales

- 4.34 Group-wide performance to end September is 2.72 hours for emergency repairs compared to 2.61 hours last quarter. We have improved performance compared to full year 2021/22, when the average was 3.0 hours. The Scottish average in 2021/22 was 4.2 hours.
- 4.35 All RSLs are within the three-hour target with the exception of Loretto at 3.11 hours. Loretto's performance is now approaching the 2021/22 full year result of 3.16 hours, having increased from 2.77 at end of last quarter.

Table 10

| Repair completion timescale (Charter) | | Emergency (hours) | | Non-emergency (days) | |
|---------------------------------------|---------|-------------------|--|----------------------|--|
| | | Target | Q2 YTD Value | Target | Q2 YTD Value |
| West | WHG | 3.00 | 2.81  | 5.50 | 8.98  |
| | Loretto | 3.00 | 3.11  | 5.50 | 8.78  |
| East | WHE | 3.00 | 2.62  | 5.50 | 6.22  |
| South | WHS | 3.00 | 2.22  | 5.50 | 6.97  |
| Group | | 3.00 | 2.72  | 5.50 | 8.40  |

However, all RSLs remain over the 5.5 days target for non-emergency repairs, with our Group YTD at 8.4 days, an improvement on 8.51 days at end of last quarter but an increase from 8.08 days at year end 2021/22. The 2021/22 Scottish average was 8.9 days.

Right first time

- 4.36 For the Group, right first time performance to end of September is better than 2021/22, at 91.46%. While under target for West RSLs, it has improved since last quarter. The Scottish average in 2021/22 was 88.3%. Further improvements in non-emergency repair timescales will positively impact performance in the right first time measure.

Table 11






| Percentage of repairs right first time (Charter) | | 2021/22 | 2022/23 Q2 YTD | Target | |
|--|---------|---------|----------------|--------|---|
| West | WHG | 91.03% | 90.89% | 92% |  |
| | Loretto | 94.86% | 95.38% | 97% |  |
| East | WHE | 94.14% | 95.21% | 95% |  |
| South | WHS | 83.10% | 89.96% | 88% |  |
| Group | | 90.42% | 91.46% | | |

The ARC criteria for repairs being considered as 'right first time' are based mainly on whether the repair is completed without the requirement for a recall or a defect is subsequently identified within 12 months. As set out above, we will consider how we can refine this measure to incorporate the customer's view on whether the repair was completed right first time and to their satisfaction.

Repairs Satisfaction

- 4.37 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has increased to 89% from 87% last year. To the end September, Group-wide performance is just below target at 88.2%.
- 4.38 As noted previously, this Charter satisfaction measure continues to be based on a small sample size. This measure covers a rolling twelve-month period, and as at end September we have received 4,823 completed surveys in the last 12 months which is an increase compared to 2,732 at year end 2021/22.

Table 12

| RSL | | 2022/23 Target | Current Value |
|--------------|------------------|----------------|---|
| West | WHG | 89% | 88.5%  |
| | Loretto | 89% | 85.8%  |
| East | WHE | 89% | 88.1%  |
| South | WHS ¹ | 89% | 89.7%  |
| Group | | 89% | 88.2 %  |

As set out above and in the separate repairs and customer insight papers, we are developing a wider range of mechanisms to understand customer satisfaction with the overall service. This includes the ability to provide feedback through Book It, Track It, Rate It, additional surveying via the Customer First Centre, further independent pulse surveys and greater feedback on the service through our Customer Voices network.

Medical Adaptations

- 4.39 Between June and September, we have completed 1,118 adaptations in total, an increase from 619 in the previous quarter. There are now 153 households waiting (down from 164 reported last quarter/year end 2021/22).
- 4.40 The average time to complete adaptations has improved for the Group, from 42.6 days reported year end 2021/22 and 31.25 last quarter to just over 27.15 days and is within target. The Scottish average in 2021/22 was 54.3 days.
- 4.41 The table below shows the number of households waiting, completions and the average time to complete adaptations by RSL. All RSLs are within target with exception of WH South whose average time to complete increased from 35 days last quarter to 38.16 days as a result of a small number where complex design, planning permission or building warrant issues caused delay.

Table 13






| Medical Adaptations | Households Waiting 2021/22 | Current Households Waiting | Number Completed YTD | Average Days to Complete | Target |
|---------------------|----------------------------|----------------------------|----------------------|--------------------------|--|
| WHG | 100 | 77 | 660 | 25.70 | 35  |
| Loretto | 4 | 7 | 48 | 19.00 | 35  |
| WHE | 9 | 12 | 124 | 12.62 | 35  |
| WHS | 51 | 57 | 286 | 38.16 | 35  |
| Group | 164 | 153 | 1,118 | 27.15 | 35  |

¹ Surveying re-commenced in September following earlier system issues and number of responses expected to increase over second half of year.

Gas Safety

- 4.42 We continue to be in a 100% compliant position for gas safety, with no expired gas certificates since the lockdown year of 2020/21 when our Group RSLs reported 2,149 (later resolved within that year). Our Group-wide and RSL performance for last year and this year can be seen in the context of Scottish Housing Regulator data that has reported gas safety checks were not met 3,028 times across 85 Scottish housing organisations in 2021/22.

Table 14

| RSL | 2021/22 | YTD 2022/23 |
|---------|---------|---|
| WHE | 0 | 0  |
| WHS | 0 | 0  |
| WHG | 0 | 0  |
| Loretto | 0 | 0  |
| Total | 0 | 0  |

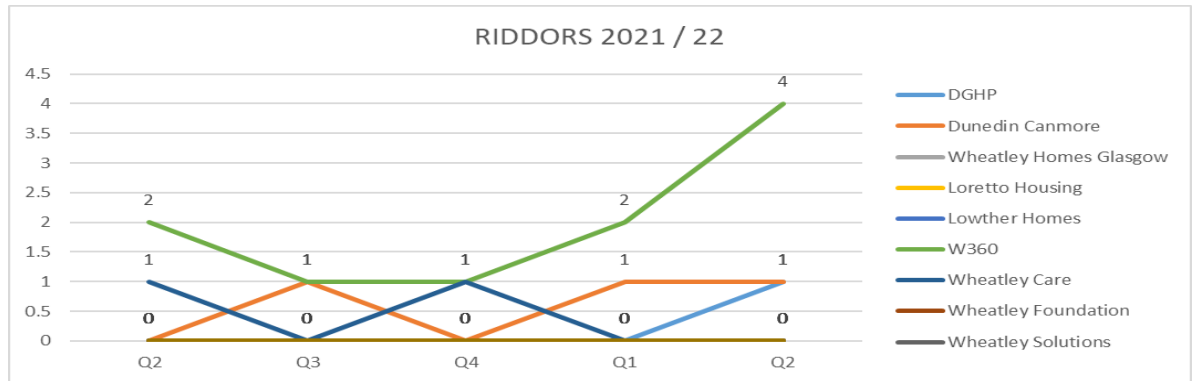
Health and Safety

- 4.43 There were two accidental workplace fires in August 2022. Both fires were in bin rooms and extinguished by Scottish Fire and Rescue Service (SFRS).

Table 15

| Measure | 2021/22 | Q2 YTD 2022/23 | Notes |
|---|---------|----------------|--|
| Number of new employee liability claims received | 3 | 3 | 1 x new Wheatley Care EL Claim received 26.07.22 for Care staff member – injured falling over drying frame lying on floor of PWWF home. 2 x new W360 EL Claim received. Both for accidents at work involving Env Operatives |
| Number of open employee liability claims | 8 | 8 | *1 x claim relates to a data breach and not associated with accident or injury at work |
| Number of days lost due to work-related accidents | 258 | 177 | During 2021/22 a number of our services were not operations due to covid restrictions. As such the comparison to the prior year is not like for like. |
| Number of RIDDOR incidents reported | 11 | 9 | 4 RIDDOR Incidents occurred in July 3 x W360, 1 x WHE Repairs 1 RIDDOR Incident occurred in August 2022. 1 x W360 – eye injury (partial loss of vision) 1 RIDDOR Incident occurred in September 2022. DGHP – Dangerous occurrence. |
| Number of HSE or local authority environmental team interventions | 0 | 1 | 1 HSE telephone enquiry on late reporting of RIDDOR incidents |

Chart 4



Compliance Programme

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



Changing Lives and Communities

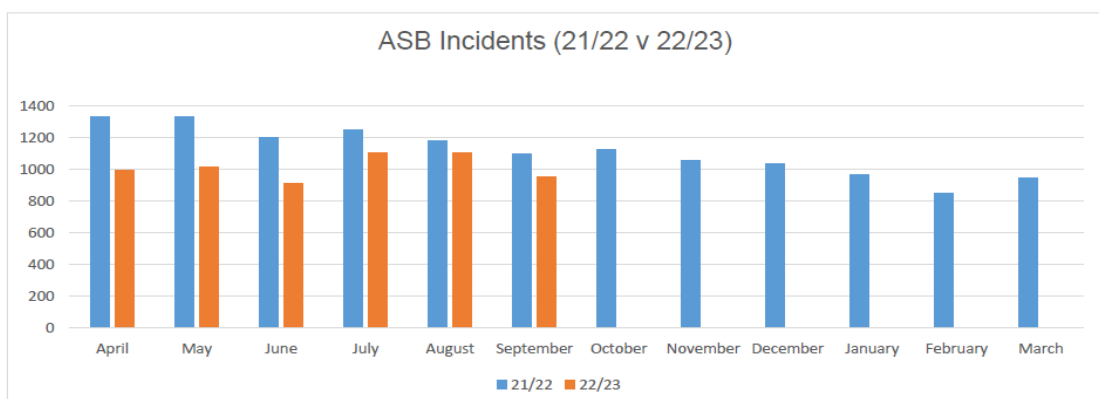
Care Service Quality

- 4.45 At the end of quarter two, Wheatley Care have 20 services with inspection reports. 14 of these have active inspection reports with grades of 5 or above, equating to 70%. As inspections recommence, we expect this figure to increase.

Peaceful Neighbourhoods

- 4.46 Our Group strategic measure is for over 70% of our customers to live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving.
- 4.47 The proven most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour by our customers to Police Scotland. To end September, Q2, 69.2% of our communities are categorised as 'Peaceful' against a target of 68.5% for 2022/23.
- 4.48 In September, there were 949 antisocial crimes and incidents reported to Police Scotland at or within 25m of a Wheatley Group property. This figure is a decrease of 13.8% when compared to the previous month, where there were 1,101 cases reported in August 2022.

Chart 5



- 4.49 There are 21 live ASB Packages currently allocated to CIP officers for action. 12 are currently being investigated and 9 are being monitored for any new incidents. The 21 packages comprise: 13 within WHG, 4 within WHS, 4 within WHE.

Accidental Dwelling Fires

- 4.50 We have a Strategic Result to reduce RSL accidental dwelling fires by 10% over five years against the baseline of a total of 215 fires in 2020/21. Lowther and Wheatley Care are not included in the Strategic Result but will be referenced for information if any fires are recorded.
- 4.51 As shown in the below table, as of the end of September 73 fires have been recorded against the upper limit for 2022/23 of 205. This compares to 106 fires reported to the end of quarter 2 in September 2021, nearly a 50% reduction.

Table 16

| Number of recorded accidental dwelling fires | 2021/22 | 2022/23 | | |
|--|------------|-----------|-----------|----------|
| | | Q1 | Q2 | Q3 |
| Dunedin Canmore | 8 | 1 | 1 | 0 |
| WHG | 121 | 18 | 38 | 4 |
| Loretto | 7 | 1 | 1 | 0 |
| WLHP | 0 | 0 | 0 | 0 |
| DGHP | 12 | 4 | 5 | 0 |
| Sub total | | 24 | 45 | 4 |
| Total for Group | 148 | 73 | | |
| Upper limit this year to achieve strategic result | 210 | | | |

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

Table 17






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

- 4.53 Our programme for non-relevant properties, LivingWell and high-rise domestic premises, completed in March 2022. This programme recommenced in July 2022 and five Livingwell and 14 high-rise domestic premises have had FRAs conducted during quarter 2.

Reducing Homelessness

- 4.54 We have made 1,262 lets to homeless applicants in the year to September/P7, surpassing the 1,000-target set for the first half of the year.
- 4.55 For the targeted relevant lets measure, we have made 52.3% of lets to homeless applicants in the year-to-date, an improvement from the 51.7% reported at the end of Q1. This result has been impacted by priority letting to our Wyndford customers. WHE and WHS remain better than target. WHG is impacted by Wyndford but have improved to around 57% in August and September and Loretto is only 6 lets short of target%.





Table 18

| Percentage Lets to Homeless Applicants | Relevant lets | | | | Charter Result | |
|--|--------------------|-------------|---|--------|-----------------|-------------|
| | In-month September | YTD 2022/23 | | Target | 2021/22 results | YTD 2022/23 |
| WHS | 53.7% | 58.3% |  | 45% | 52.1% | 57.2% |
| WHE | 76.2% | 54.3% |  | 50% | 66.6% | 45.1% |
| WHG | 56.7% | 50.9% |  | 60% | 58.3% | 49.3% |
| Loretto | 44.7% | 46.3% |  | 50% | 53.3% | 44.4% |
| Group | 54.6% | 52.3% |  | 56% | 57.2% | 49.7% |

Jobs and Opportunities

- 4.56 Just over 1,100 children have been supported through Foundation programmes so far, this financial year. Year to date, the children supported have included kids receiving free books from the Imagination Library, young people in Edinburgh attending local youth projects and young people in Wheatley communities in Glasgow accessing support to improve their digital skills.
- 4.57 The Foundation have also supported 436 jobs and training opportunities for our customers and people who live in our communities to the end of September. This has included 29 new City Building trade apprentices and 8 Wheatley apprentices progressing into employment (half of these employment opportunities were with Wheatley Group).
- 4.58 Our ESF project Way Ahead continues to support customers with barriers to employment. This month alone, four customers living in homeless accommodation were supported to access training in First Aid and one progressed into employment as a General Operative.

Table 19

| Indicator | Target (Annual) | Current Performance YTD | 2021/22 |
|--|-----------------|---|---|
| Number of vulnerable children benefiting from targeted Foundation programmes (Group) | 1,200 | 1,169  | 2,250  |
| Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge | 750 | 436  | 825  |



Developing our Shared Capability

Sickness Absence


- 4.59 Year to date, sickness levels to the end of September was 4.17%, an increase from year end 2021/22 (4.07%) and higher than in the same period 2021/22 (3.16%) and 2019/20 (1.69%). Over the quarter, monthly sickness levels fell slightly between the end of quarter one and July (from 4.25% in June to 3.81% in July) before rising again between July and September (from 3.81% to 4.38%).

- 4.60 Based on monthly pulse survey returns, Housemark have reported that sickness rates from participating members in August 2022 were 8.4% lower than rates in August 2021. Wheatley Group sickness rates however, showed an **increase** of 11% over the same period (3.47% – August 2021 compared to 4.28% in August 2022).
- 4.61 The Employee Relations team are assigned designated areas to support and reduce each subsidiary's sickness absence across the Group. They provide case by case advice and guidance to managers and hold regular case conferences to discuss individual sickness cases – with particular focus on subsidiaries experiencing high levels of absence. It should be noted that of the subsidiaries currently above their year-to-date target two – West Lothian Housing Partnership and Loretto Housing – have small staffing compliments and as a consequence one absence will have a significant impact on absence.
- 4.62 The Advisors are working closely with colleagues in the Wellbeing and Health and Safety teams, ensuring that all support mechanisms are offered to the employee. Where the reason for absence is cited as work-related stress the Individual Stress Risk Assessment process is implemented on day 1 and an Advisor is assigned to support the manager and employee who is experiencing work stressors to seek resolution.
- 4.63 Where appropriate, the employee is referred to Occupational Health for a medical assessment to determine if there are any adjustments that can be implemented to help facilitate a return to work and those who have underlying health conditions are offered a Reasonable Adjustment Passport. For musculoskeletal cases a referral may be made to Hampden Physiotherapy Clinic, this includes staff who may benefit from long COVID therapy support.
- 4.64 Absence management / refresher training sessions for managers are held regularly. Further support is provided via Short-Term Sickness and Long-Term Sickness resources on the HR Managers Site on WE Connect. The Employee Relations team are also in the process of developing a suite of e- learning modules to supplement the support mechanisms outlined above. The first of these - Attendance Management – is due to be launched in the coming weeks.

Board Governance and Administration

- 4.65 The following measures are indicators of the underlying strength of our Boards and administration and will be reported quarterly in line with the Board timelines:
- Number of vacancies across the Group and our Subsidiary Boards;
 - Attendance levels across the Group and our Subsidiary Boards; and
 - Instances where Board reports are not issued 7 days in advance of the Group and our Subsidiary Boards.
- 4.66 In quarter two there were two vacancies across our Group and Subsidiary Boards, down from six in quarter 1. Average attendance levels across our Group and Subsidiary boards in Q2 was 82% up from 79% last quarter. There were also no instances where board reports were not issued 7 days in advance of our Group and Subsidiary Boards within Q2.

Table 20

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

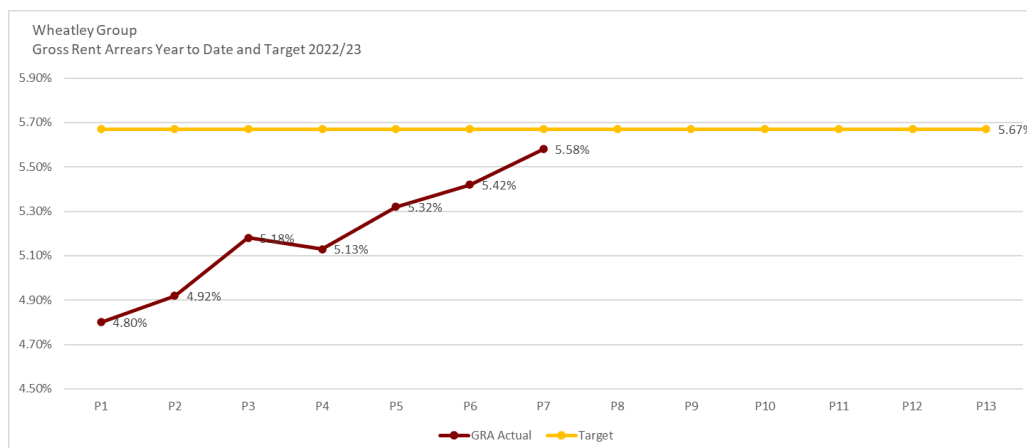


Enabling our Ambitions

Gross Rent Arrears

- 4.67 At the end of September/P7, the Group RSL gross rent arrears (GRA) increased by 0.16 (£484k) to 5.58% compared to August. This is an increase of 0.45% compared to the result reported in the Q1 Board report. We are performing better than the Scottish average of 6.3% published by the Scottish Housing Regulator on 31 August 2022, following submission of the 2021/22 Charter.

Chart 6



- 4.68 The chart above shows our trajectory relative to our challenging operational target. Our business plan assumption is significantly more prudent than our operation target.
- 4.69 Each RSL experienced an increase in September/P7. WHS and WHG Combined remain within target. Loretto Combined and WHE A are both reporting off target for the first time this year, moving into amber variance. With the migration of ex-WLHP arrears, WHE Combined increased to 4.73%. A target for WHE combined is still to be agreed.

| Gross Rent Arrears | September | | 2022/23 target |
|--------------------|-------------------|---|-------------------|
| WH East | 4.73% | | 4.66% |
| WH South | 4.63% | | 5.02% |
| WH Glasgow | 6.01% | | 6.10% |
| Loretto Comb | 4.44% | | 4.18% |
| Group RSLs | 5.58% | | 5.67% |
| [redacted] | [redacted] | - | N/A |
| [redacted] | [redacted] | - | N/A |
| [redacted] | [redacted] | - | N/A |
| [redacted] | [redacted] | | [redacted] |

- 4.70 All RSLs have developed an arrears strategy to mitigate increasing arrears levels and how to target support to customers through the recently launched Here for You Fund. The strategy include quicker intervention and escalation, close working between the Group Debt Recovery Team and local staff and clear messaging to customers on the need to pay, but also the support we can offer for example the Here for You Fund.

- 4.71 Each RSL are also carrying our local campaigns where arrears levels are higher, combining the Here for You Message with strong conversations on the need to pay rent. We are undertaking surgeries in local communities as part increasing visibility and contact opportunities.

[redacted]

- 4.72 [redacted].

- 4.73 [redacted].

Table 21 [redacted]

- 4.74 [redacted]

- 4.75 [redacted]

- 4.76 [redacted]

Average Days to Re-Let

- 4.77 The year-to-date Group average for days to re-let (ARC) has improved from 21.81 days in August to 20.89 days in September. This is a further improvement from the 23.40 days reported at the end of Q1. Current performance remains better than the published Scottish average of 51.6 days for the ARC 2021/22 return. This average was segmented by RSLs (43.9 days) and LAs (59.4 days)- we outperform these benchmarks.

- 4.78 As shown in the chart below, a positive trend in the Group timescales has been achieved month on month this year, with the 16-day target being surpassed in August and September. The significant improvement in the last two months is largely down to WHG now performing better than target.

Chart 7

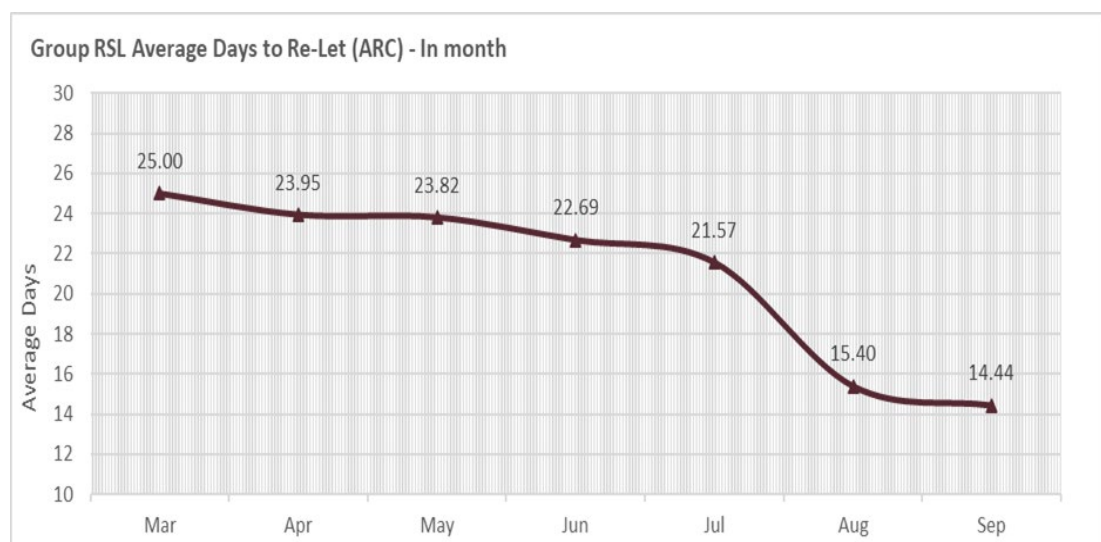
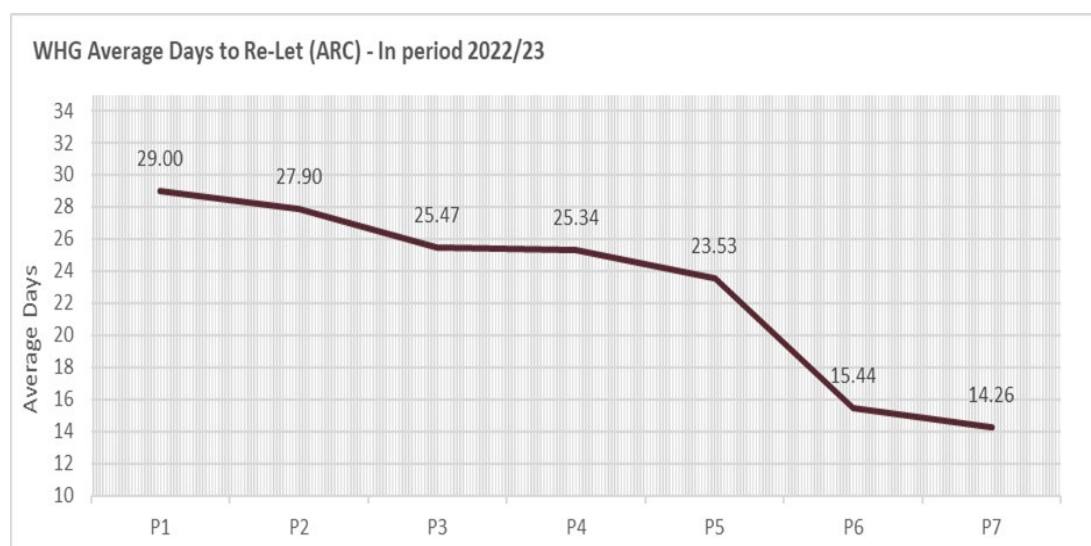


Table 22

| Average days to re-let (Charter) | In-month September | YTD | 2022/22 Target | 2021/22 Results |
|----------------------------------|--------------------|-------|----------------|-----------------|
| WHE | 16.84 | 17.73 | 16 | 18.79 |
| WHS | 13.03 | 13.88 | 16 | 17.73 |
| WHG | 14.26 | 23.44 | 16 | 23.48 |
| Loretto | 18.00 | 16.99 | 16 | 17.38 |

4.79 WHS continues to be the best performing RSL in the Group for the year, followed by Loretto, WHE then WHG. Actions put in place for WHG are significantly improving their performance as indicated in the chart below.

4.80 WHG's in period improvement trend for this year is shown below:

Chart 8

4.81 Progress with our commitment to create 300 tenancies for Ukrainian refugees is tabled below:

Table 23

| RSL | Offered | Accepted | Ready for date of entry and sign up due to take place |
|--------------|------------|-----------|---|
| WHE | 7 | 3 | 3 |
| WHS | 13 | 2 | 11 |
| WHG | 130 | 77 | 16 |
| Loretto | 1 | 1 | 0 |
| Total | 151 | 83 | 30 |

Care Services Breaking Even

4.82 Wheatley Care reports 78% of services breaking even after management fee at the end of September, below the current target of 90%. This is below performance from the same period last year (94%), and in line with last quarter (79%).

4.83 100% of services were breaking free before management fees and there were no services were in deficit for more than two years this quarter.

Online Transactions and Digital Shift

- 4.84 Our Strategic Result is that 50% of our customers actively use their online account to make transactions with us.
- 4.85 The table below represents the percentage of customers who are currently registered for an online account alongside the active users for each RSL as a percentage of the total customers registered:

Table 24

| | Current Performance YTD | |
|-------------------|--|--|
| | Online Accounts as a Percentage of Customer Accounts | Active Users as a percentage of the total customers registered |
| WHE | 50.56% | 39.18% |
| WHG | 56.46% | 35.39% |
| Loretto | 57.72% | 36.78% |
| [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] |
| Group | 50.13% | 35.71% |

- 4.86 An active user is currently defined as any customer who has raised a repair, made a payment or requested a service online since the date of their registration.
- 4.87 Our decision to re-introduce our repairs option on WSS this reporting year will encourage customers to utilise our WSS offering and ultimately impact upon our number of registrations and active use. It should be noted that WSS for repairs is now live but we are not actively promoting this to customers at this point. It is proposed that we will start to promote this service to customers across Quarter 3.
- 4.88 Despite the service not currently being promoted, there has been 613 repairs raised via WSS between relaunch (4th August) and the 26th September, and a total of 386 within September alone. This suggests that customers are keen to raise repairs in this way. Future reports will monitor trend in repairs raised via WSS.

[redacted]

- 4.89 [redacted]

Summary of Strategic Project Delivery

- 4.90 An update on progress with strategic projects is attached at Appendix 3. The following table summarises the current status of projects by programme stream. Three projects have completed, 14 are on track, six are slipping and none are currently overdue.
- 4.91 Two projects completed this quarter:
- *Service Process and Redesign* (Repairs Programme Stream)
 - *Wheatley Whole Family Approach* (Engagement Programme Stream)

- 4.92 As per agreement with the Group Board in August, the CFC year 1 evaluation (part of the CFC Programme Stream) project has now been to be redefined as the *CFC Second Interim Review*.
- 4.93 As agreed with the Group Board in August, remaining project milestones for the *Care strategic realignment* have now been updated as follows:
- External consultant appointed (31-Oct-2022)
 - Report from external consultant (31-Jan-2022)
 - Final report to Board (31-March-2022).

5. Customer Engagement

- 5.1 We presented an overview of the 2021/22 Charter results to the Tenant Scrutiny Panel in May 2022. We will also present a comparison with the national average and provide an update on performance in the first part of 2022/23 at the panel's November meeting.

Our new engagement model continues to embed, with good performance against quarter 2 targets. Several strategic projects facilitate opportunity for customer engagement, as reflected in the progress notes in Appendix 3. This will directly impact the way we deliver services or the way they can be drawn down by customers.

6. Environmental and sustainability implications

- 6.1 We have added two new sustainability measures to support our ambitions in this area; the first to monitor the average new build CO2 output and the second to increase the percentage of stock at EPC 'B' rating. These will be reportable annually and are therefore not included in quarterly updates.
- 6.2 A key project for 2022/23 is the development of a strategic sustainability framework. As part of this we anticipate further measures will be developed for future incorporation into our PMF.

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 The measures, targets and projects included in this report were agreed as part of the PMF and Delivery Plan for 2022/23. This approach focuses service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.
- 8.2 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

- 11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.
- 11.2 There is a project under the governance programme stream dedicated to advancing our commitment to equality, diversity and inclusion. Additionally, the expansion of our Customer Voices is focused on creating a more diverse range of voices actively participating in our engagement structures. In turn, this will support co-creation and influencing which is based on a more diverse range of perspectives.

12. Key issues and conclusions

- 12.1 During the second quarter of 2022/23, we have made good progress in several areas. The CFC continues to sustain strong performance in grade of service, average waiting times and abandonment rates.
- 12.2 RSL days to let has improved from 23.40 days at the end of quarter one to 20.89 days in September, with Wheatley Homes Glasgow improvements a particular highlight. This is combined with our continued focus on lets to homeless, with 1,262 lets to homeless applicants in the year to September/P7, surpassing the 1,000-target set for the first half of the year. We are also making good progress towards our target of 300 tenancies for Ukrainian refugees.
- 12.3 Our customer voice programme has steadily progressed over the first half of the year and we now have over 1600 Customer Voices across the group.
- 12.4 We have a strong focus on repairs, including how we evolve the performance measures to be strongly focussed on customer satisfaction and experience. This is set out in more detail in a separate paper and will feed through to our performance measures over the remainder of the year.

13. Recommendations

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

List of Appendices

Appendix 1 – Board Strategic Measures Dashboard 2021/22

Appendix 2 – Board Other KPIs Dashboard 2021/22

Appendix 3 – Board Strategic Projects Dashboard 2021/22

✓ Delivering Exceptional Customer Experience

| Measure | 2021/22 Value | Value | YTD 2022/23 Target | Status |
|---|---------------------|--------------|-----------------------|--------|
| Customer first centre grade of service - 80% of calls within 30 seconds | 85.42% (March 2022) | 84.93% | | ✓ |
| Percentage of calls to the CFC resolved at first contact | 92.33% (March 2022) | 88.58% | | ⚠ |
| Call abandonment rate | 3.81% (March 2022) | 3.23% | | ✓ |
| Average waiting time (seconds) | 30s (March 2022) | 27.94 | | ✓ |
| [redacted] | [redacted] | [redacted] | | ✓ |
| Total number of customers involved in Customer Voices Programme | NEW | 1,651 | | ✓ |
| WHG | NEW | 834 | | ✓ |
| WHE | NEW | 283 | | ✓ |
| WHS | NEW | 474 | | ✓ |
| LH | NEW | 60 | | ✓ |
| WLHP (end of P5) | NEW | 64 | | ✓ |
| Number of customer voices activities carried out | NEW | 666 | | ✓ |
| WHG | NEW | 439 | | ✓ |
| WHE | NEW | 101 | | ✓ |
| WHS | NEW | 107 | | ✓ |

| Measure | 2021/22 | YTD 2022/23 | | |
|--|---------|-------------|--------|--------|
| | | Value | Target | Status |
| LH | | 19 | 14 | ✓ |
| WLHP (end of P5) | NEW | 45 | 5 | ✓ |
| Number of East Regionwide panel sessions (WHE only) | | 2 | 1 | N/A |
| Number of Geographical panel sessions (WHG only) | NEW | 10 | 6 | ✓ |
| Number of Regionwide panel sessions (WHS only) | NEW | 1 | 1 | N/A |
| Number of Regionwide panel sessions (Loretto only) | NEW | 1 | 1 | N/A |
| Number of customers involved in East (WHE only) Region panel | | 67 | 25 | N/A |
| Number of customers involved in Wheatley Homes Glasgow Geographical panels | NEW | 182 | 171 | ✓ |
| Number of customers involved in WHS Region panel | NEW | 16 | 50 | N/A |
| Number of customers involved in Loretto Regional panel | NEW | 17 | 10 | N/A |
| Number of Scrutiny focus groups | NEW | 14 | 6 | N/A |
| WHG | NEW | 10 | 4 | N/A |
| DC | NEW | 1 | 0 | N/A |
| WHS | NEW | 2 | 1 | N/A |
| Loretto | NEW | 1 | 1 | N/A |
| WLHP (end of P5) | NEW | 0 | 0 | N/A |


The following Strategic Results under this strategic theme are reportable annually (subject to a baseline being in place):

- Overall customer satisfaction is above 90%
- Over 90% of Care customers are satisfied with the overall service
- RSL tenant satisfaction with value for money increased to 85%
- Satisfaction with complaint handling increased by 10%
- Overall satisfaction among households with children improved to 90%
- Satisfaction with the process of getting a new home is improved by 10%
- 90% of customers feel they can participate in the landlord's decision making
- 95% of customers actively engaged in shaping services feel they participate in decision making.



Making the Most of Our Homes and Assets

| Measure | 2021/22 Value | Value | YTD 2022/23 Target | Status |
|---|------------------------------|---|-----------------------|--------|
| New build completions (total for Group) | 438 | 349 | | |
| WHG - Social Housing | 106 | 26 | | |
| WHG - Mid-market | 142 | 73 | | |
| Loretto - Social Housing | 30 | 118 | | |
| WHE - Social Housing | 36 | 18 | | |
| WHE - Mid-market | 25 | 0 | | |
| WLHP - Social Housing | 62 | 71 | | |
| WLHP – Mid-market | 0 | 6 | | |
| WHS - Social Housing | 37 | 37 | | |
| Achieve 60:40 ratio of planned to reactive repairs spending | 2021/22 65.9% : 34.1% | 51.5%: 48.5% (£30.9m : £29.1m) | 60% : 40% | |
| Reduce the volume of emergency repairs by 10% by 2025/26 (Group average) | Apr to Sep 21/22 – 45,513 | 44,918 | | |
| WHG | Apr to Sep 21/22 – 32,854 | 33,049 | | |
| Loretto | Apr to Sep 21/22 – 1,862 | 1,861 | | |
| WHE | Apr to Sep 21/22 – 4,140 | 3,831 | | |
| WHS | Apr to Sep 21/22 – 6,657 | 6,177 | | |

| Measure | 2021/22 | YTD 2022/23 | | |
|--|---------|-------------|--------|---|
| | | Value | Target | Status |
| Percentage of customers who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service (ARC) | 88.51% | 88.24% | 89% |  |

The following additional Strategic Results under this strategic theme will be reported annually or are still under development:

- Invest £500m of new public and private finance in new build housing (annual, with related updates provided as part of quarterly finance papers)
- Invest £360 million in improving, modernising and maintaining homes by 2025/26 (annual, with related updates provided as part of quarterly finance papers)
- Achieve 95% customer satisfaction with their new build home (being developed as part of new survey approach/platform for customer value measures)
- Reduce the output of CO₂ emission from our homes by at least 4,000 tonnes per year (annual)
- Reduce our corporate carbon footprint to carbon neutral by 2026 (annual)
- Maintain existing tenant satisfaction with the quality of their home at over 90% (ARC) (annual)
- Average new build CO₂ output no greater than 1.8t (annual)
- Increase the % of stock at EPC 'B' to 30% (annual).



Changing Lives and Communities

| Measure | 2021/22 Value | Value | YTD 2022/23 Target | Status |
|--|------------------|---------|-----------------------|--------|
| Percentage of Care services graded very good (5) or better by the Care Inspectorate | 68.18% | 70% | | |
| Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average) | 70.10% | 69.2% | | |
| Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs) | 148 | 51 | (Annual upper limit) | |
| WHG | 121 | 40 | N/A | N/A |
| Loretto | 7 | 2 | N/A | N/A |
| WHE (including WLHP) | 8 | 2 | N/A | N/A |
| WHS | 12 | 7 | N/A | N/A |
| 100% of relevant properties have a current fire risk assessment in place (Group) | 100% | 100% | | |
| The percentage of non-relevant properties with current fire risk assessment in place (Group) (Target revised in-year to reflect aim of having all FRAs completed by end of March 2022 rather than March 2023 as originally planned) | 100% | 100.56% | | |
| Percentage of relevant lets to homeless applicants | 57.2% | 52.3% | | |
| WHG | 58.3% | 50.9% | | |
| Loretto | 53.3% | 46.3% | | |
| WHE | 66.6% | 54.3% | | |
| WHS | 52.1% | 58.3% | | |
| Percentage of lets to homeless applicants (Charter) | 54.2% | 49.7% | N/A | N/A |
| WHG | 55.7% | 49.3% | N/A | N/A |
| Loretto | 48.4% | 30.8% | N/A | N/A |

| Measure | 2021/22 | YTD 2022/23 | | |
|--|---------|-------------|------------|--------|
| | Value | Value | Target | Status |
| Dunedin Canmore | 56.0% | 45.1% | N/A | N/A |
| WHS | | 57.2% | N/A | N/A |
| Number of lets to homeless applicants (10,000 for Group by 2025/26) | 2,475 | 1,261 | 1000 | ✓ |
| WHG | 1,683 | 790 | N/A | N/A |
| Loretto | 88 | 91 | N/A | N/A |
| WHE | 206 | 100 | N/A | N/A |
| WHS | | 247 | N/A | N/A |
| 4,000 jobs, training places or apprenticeships opportunities delivered | | 436 | 417 | ✓ |
| WHG | | 180 | 204 | ✗ |
| Loretto | | 1 | 4 | ✗ |
| WHE | | 68 | 19 | ✓ |
| WHS | | 45 | 63 | ✗ |
| Care | | 0 | 0 | ✓ |
| [redacted] | | [redacted] | [redacted] | ✓ |
| Other | | 104 | 106 | ⚠ |
| 10,000 vulnerable children benefit from targeted Foundation programmes (Group total) | | 1,169 | 798 | ✓ |
| 60% of tenants with online accounts are using the My Savings rewards gateway | 11.95% | 12.65% | 12% | ✓ |

The following Strategic Results under this strategic theme will be reported annually or are still being developed:

- Achieve 85% satisfaction with Wheatley Environmental Services (being developed as part of new survey approach/platform for customer value measures)
- 250 customers have been supported to attend higher education and university through Wheatley bursaries (annual)
- 10% reduction in the cost of running a home by 2026 (being developed with Fraser of Allander) (annual).



Developing our Shared Capability

| Measure | 2021/22 Value | Value | YTD 2021/22 Target | Status |
|--|------------------|------------|-----------------------|--------|
| Staff absence is maintained at 5% for Care services and 3% for all other parts of the business | 4.07% | 4.17% | 3% | |
| WHG | 2.29% | 2.83% | 3% | |
| Loretto | 3.50% | 7.69% | 3% | |
| Wheatley Homes East | 3.10% | 3.32% | 3% | |
| WHS | 1.94% | 1.93% | 3% | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards | NEW | 0% | 5% | |
| Number of vacancies across Group and Subsidiary Boards | NEW | 2 | N/A | N/A |
| Attendance levels across Group and Subsidiary Boards | NEW | 82% | N/A | N/A |

The following Strategic Results under this strategic theme will be reported annually or are still to be developed:

- Over 90% of staff say they feel appreciated for the work they do (annual)
- Over 80% of RSL customers self-report positive distance travelled towards “self-reliance” (approach to be implemented and measure to be developed)
- 250 young people provided with structured opportunities to build their skills within the business (annual)
- 50 graduates provided with opportunities to work and gain experience in our sectors (annual)
- Our workforce’s demographic more closely resembles that of the communities in which we operate (measure to be developed by year 3)
- 40% of promoted posts are filled with internal candidates (annual)
- Staff voluntary turnover (i.e. resignations) remains at less than 7% (annual).

| Measure | 2021/22 | | YTD 2022/23 | Status |
|---|------------|------------|-------------|--------|
| | Value | Value | Target | |
| Reduce gross rent arrears down to 4% by 2026 (Group RSL average) | 4.80% | 5.58% | 5.67% | ✓ |
| WHG A | 5.15% | 6.09% | N/A | N/A |
| WHG B | 5.19% | 4.72% | N/A | N/A |
| WHG Combined | 5.16 | 6.01% | 6.10% | ✓ |
| Loretto A | 3.40% | 4.28% | N/A | N/A |
| Loretto B | 3.97% | 4.62% | N/A | N/A |
| Loretto Combined | 3.67% | 4.44% | 4.18% | ⚠ |
| WHE A | 4.16% | 4.68% | 4.66% | ⚠ |
| WHE B | 2.94% | 5.05% | 3.52% | ✗ |
| WHE Combined | 4.02% | 4.73% | N/A | |
| WHS | 4.10% | 4.63% | 5.02% | ✓ |
| [redacted] | [redacted] | [redacted] | [redacted] | ⚠ |
| Average time to re-let properties (Group RSL average) | 21.55 | 20.89 | 16 | ✗ |
| WHG | 23.48 | 23.44 | 16 | ✗ |
| Loretto | 17.38 | 16.99 | 16 | ⚠ |
| WHE | 18.79 | 17.73 | 16 | ✗ |
| WHS | 17.73 | 13.88 | 16 | ✓ |
| Proportion of Care services breaking even (after management fee) | 94% | 77.8% | 90% | ✗ |
| Proportion of Care services breaking even (before management fee) | 100% | 100% | 98% | ✓ |
| Number of Care Services in deficit for more than two years | 0 | 0 | 0 | ✓ |
| Percentage of Lowther rental customers with an online account | 48.4% | 48.81% | 65% | ✗ |

| Measure | 2021/22 Value | Value | YTD 2022/23 Target | Status |
|---|------------------|------------|-----------------------|--------|
| Web Self Service - Percentage of active users | New | 35.71% | Baseline Year | |
| WHG | New | 35.39% | Baseline Year | |
| Loretto | New | 36.78% | Baseline Year | |
| Wheatley Homes East (including WLHP) | New | 39.18% | Baseline Year | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | N/A |
| [redacted] | [redacted] | [redacted] | [redacted] | ✓ |
| [redacted] | [redacted] | [redacted] | [redacted] | ✓ |

The following Strategic Results will be reported annually or are still in development:



















- Maintain a strong investment credit rating of A+ stable (annual)
- £15m generated in Gift Aid to Wheatley Foundation and reinvested in communities (annual)
- 100% of Lowther rental customers have an online account (annual)
- Achieve management costs per unit that remain in the lower quartile among an independently selected UK and international benchmarking group (being developed with Housemark)
- Achieve a £10m real terms reduction in management costs (annual)
- Achieve our targets across the 7 domains of our digital maturity assessment (annual).

Appendix 2


















Group Board Other KPIs Q2 (2022/23) (includes Compliance)




| Measure | 2021/22 Value | Value | 2022/23 Target | Status |
|---|------------------|-------|-------------------|--------|
| Average number of working days to respond to stage 1 complaints (ARC) | | | | |
| WHG | 3.98 | 3.91 | | ✓ |
| Loretto | 3.62 | 3.50 | | ✓ |
| WHE (including WLHP) | 3.92 | 3.80 | | ✓ |
| WLHP (up to end of P5) | 4.19 | 3.42 | | ✓ |
| WHS | 4.74 | 3.70 | | ✓ |
| Average number of working days to respond to stage 2 complaints (ARC) | | | | |
| WHG | 20.78 | 18.07 | | ✓ |
| Loretto | 21.33 | 16.91 | | ✓ |
| WHE (including WLHP) | 18.92 | 17.84 | | ✓ |
| WLHP (up to end of P5) | N/A | 15.00 | | ✓ |
| WHS | 21.95 | 17.97 | | ✓ |
| Average number of working days to respond to all complaints – Stage 1 and 2 (ARC) | | | | |
| WHG | 6.05 | 5.55 | | ✓ |
| Loretto | 5.04 | 5.20 | | ✓ |

| Measure | 2021/22 | | 2022/23 | | Status |
|--|---------|--------|---------|---|--------|
| | | Value | Target | | |
| WHE (including WLHP) | | 5.42 | 6 |  | |
| WLHP (up to end of P5) | | 4.31 | 6 |  | |
| WHS | | 5.23 | 6 |  | |
| Percentage of new tenancies sustained for more than a year – overall (Group RSL average) | | 89.95% | 90% |  | |
| WHG | | 90.80% | 90% |  | |
| Loretto | | 90.32% | 90% |  | |
| WHE | | 90.23% | 90% |  | |
| WHS | | 86.48% | 88% |  | |
| Average time taken to complete emergency repairs (hours) – make safe (Group RSL average) | | 2.72 | 3 |  | |
| WHG | | 2.81 | 3 |  | |
| Loretto | | 3.11 | 3 |  | |
| WHE | | 2.62 | 3 |  | |
| WHS | | 2.22 | 3 |  | |
| Average time taken to complete non-emergency repairs (working days) (Group RSL average) | | 8.40 | 5.5 |  | |
| WHG | | 8.98 | 5.5 |  | |
| Loretto | | 8.78 | 5.5 |  | |
| WHE | | 6.22 | 5.5 |  | |
| WHS | 9.91 | 6.97 | 5.5 |  | |

| Measure | 2021/22 Value | | 2022/23 Target | Status |
|---|---------------|--------|----------------|--------|
| Average time to complete approved applications for medical adaptations (calendar days) (Group RSL average) | 42.60 | | 35 | ✓ |
| WHG | 38.19 | | 35 | ✓ |
| Loretto | 61.36 | | 35 | ✓ |
| WHE | 10.85 | | 35 | ✓ |
| WHS | 55.35 | | 35 | ⚠ |
| Percentage of reactive repairs completed right first time | 90.42% | | N/A | |
| WHG | 91.03% | | 92% | ⚠ |
| Loretto | 94.86% | | 97% | ⚠ |
| WHE | 94.14% | | 95% | ✓ |
| WHS | 83.10% | 89.96% | 88% | ✓ |
| Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL total) | 0 | 0 | 0 | ✓ |
| WHG | 0 | 0 | 0 | ✓ |
| Loretto | 0 | 0 | 0 | ✓ |
| WHE | 0 | 0 | 0 | ✓ |
| WHS | 0 | 0 | 0 | ✓ |
| Percentage of ASB incidents resolved (Group RSL average) | 99.91% | 92.68% | 98% | ⚠ |


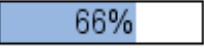




| Measure | 2021/22 | | Target | Status |
|---|---------|--------|--------|---|
| | Value | Value | | |
| | 100% | 90.65% | 98% |  |
| | 100% | 97.17% | 98% |  |
| | 100% | 91.51% | 98% |  |
| | 99.17% | 100% | 98% |  |
| | 48.95% | 18% | 25% |  |
| | 69.57% | 16% | 25% |  |
| | 100% | 0% | 25% |  |
| | 11.1% | 33% | 33% |  |
| | 20% | 38% | 25% |  |
| Percentage of lettable homes that became vacant (Group RSL average) | 7.85% | 7.49% | 8% |  |
| WHG | 7.83% | 7.51% | 8% |  |
| Loretto | 7.48% | 7.24% | 8% |  |
| WHE | 7.37% | 6.86% | 7.3% |  |
| WHS | 8.39% | 7.91% | 8% |  |
| Number of accidental fires in workplace | 1 | 2 | 0 |  |
| Number of RIDDOR incidents reported | 11 | 9 | 20 |  |
| Number of Health and Safety Executive or local authority environmental team interventions | 0 | 1 | 0 |  |

| Measure | 2021/22 | | 2022/23 | |
|---|---------|-------|---------|---|
| | Value | Value | Target | Status |
| Number of new employee liability claims received | 2 | 3 | 0 |  |
| Number of open employee liability claims | 8 | 8 | N/A | N/A |
| Number of days lost due to work related accidents | 258 | 221 | N/A | N/A |

Compliance Programme Delivery






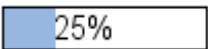
| 2022/23 Quarter 2 | WHG | Loretto | WHE | WHS |
|---|--------|---------|--------|--------|
| Legionella - percentage of applicable properties with a valid risk assessment in place | 84.91% | 96% | 100% | 100% |
| Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed | 100% | 100% | 100% | 100% |
| Number of passenger lifts with a completed six-month inspection and test against the number due to be completed | 100% | 100% | 100% | 100% |
| Percentage of electrical installation inspections completed toward annual programme | 81.25% | 85.26% | 66.13% | 99.92% |
| Percentage of properties with an EICR certificate up to 5 years old | 98.08% | 98.79% | 98.10% | 99.92% |

Appendix 3 - Wheatley Group Board - Delivery Plan 22/23 - Strategic Projects

| A. Repairs Programme Stream | | | | | | | |
|---|---------------|---|--|---|-------------|-----------|---|
| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
| Improve Customer Contact & Communications (b) | 31-Dec-2022 |  |  | 01. Taking into account customer feedback, implement revised customer comms for all repair types (including owner repairs) | 30-Jun-2022 | Yes | Localz planning continues with a view to implementing a small pilot in early December, which will inform the implementation approach and sequence early in the New Year. Outstanding business process and readiness activities are the critical focus areas in the coming weeks/months. |
| | | | | 02. Proposals for customer feedback to Boards developed and agreed | 30-Jun-2022 | Yes | |
| | | | | 03. Approach to real time repairs feedback on repairs agreed | 31-Dec-2022 | No | |
| Develop IT & Systems (b) | 31-Dec-2022 |  |  | 01. CBG Servitor upgrade implemented | 31-May-2022 | Yes | The Localz pilot is scheduled to go live in November in WH Glasgow. A more detailed update is provided as part of the repairs update at this meeting. |
| | | | | 02. Localz phase 1 installation (pilot with CBG) | 31-Oct-2022 | No | |
| | | | | 03. Localz phase 1 full roll out programme agreed | 31-Dec-2022 | No | |
| Service & process redesign (b) | 30-Jun-2022 |  |  | 01. DGHP improvement plan defined and agreed | 31-May-2022 | Yes | Project is complete. |
| | | | | 02. Quick wins for the repairs service in the West implemented (opening up appts, better communication between CBG and CFC, | 30-Jun-2022 | Yes | |




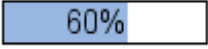
| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|-----------------------|---------------|------------|------------|--|-------------|------------|---------------|
| | | | | approach to customer comms) | | | |
| | | | | 03. Planning complete for implementing redesigned repairs delivery model | 30-Jun-2022 | Yes | |
| | | | | 04. DC approach to migrate to Group Servitor agreed | 30-Jun-2022 | Yes | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |


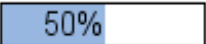
B. CFC Programme Stream

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--------------------------------|---------------|---|--|--|-------------|-----------|---|
| CFC interim review (b) | 31-May-2022 |  |  | 01. External interim review concluded | 30-Apr-2022 | Yes | Project is complete. |
| | | | | 02. Present findings of interim review to Group Board | 30-Apr-2022 | Yes | Full external interim review now concluded, and findings reported to Group and subsidiary Boards. |
| | | | | 03. Present findings of interim review to RSL Boards | 31-May-2022 | Yes | |
| CFC second interim review (b) | 31-Mar-2023 |  |  | 01. Scope of second interim review finalised | 31-Dec-2022 | No | The scope and delivery of the second interim review will focus on the CFC 1 year on from 'soft' launch, ahead of a more complete review next calendar year. |
| | | | | 02. Undertake second interim review | 28-Feb-2023 | No | |
| RSL digital services model (b) | 31-Mar-2023 |  |  | 01. Review existing digital services offering with customers, including existing | 31-Aug-2022 | Yes | A draft service catalogue has been created and |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|-----------------------|---------------|--------|------------|---|-------------|-----------|---|
| | | | | usage rates, functionality, and projected future lifespan | | | linked to ongoing work across customer journey mapping activities. |
| | | | | 02. Scope future RSL digital services model, including role of apps, online services, repairs digital offering and self-service | 31-Oct-2022 | No | A programme of customer engagement is now commencing on our model to inform future themed discussions |
| | | | | 03. Undertake themed engagement discussions with Glasgow 1000 Panel on digital services | 28-Feb-2023 | No | |
| | | | | 04. Present recommendations to ET for next 3 years | 31-Mar-2023 | No | |



C. Engagement Programme Stream



| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|------------------------------------|---------------|---|--|--|-------------|-----------|--|
| Wheatley Whole Family approach (b) | 30-Sep-2022 |  |  | 01. Complete the research phase, including survey of households with children and follow up focus groups | 31-May-2022 | Yes | This project is now complete and an update on the outcome of the research and our response are included in a report at this meeting. |
| | | | | 02. Present findings and proposed approach to ET | 30-Jun-2022 | Yes | |
| | | | | 03. Engagement with customer voices on the proposed Whole Family approach | 31-Aug-2022 | Yes | |
| | | | | 04. Final implementation approach agreed by ET | 30-Sep-2022 | Yes | |
| Engagement Framework – Phase 2 (b) | 31-Mar-2023 |  |  | 01. Develop a programme of engagement using customers' preferred methods | 31-May-2022 | Yes | Outline plan for learning and development programme for Stronger Voices staff and customers |
| | | | | 02. 2022/23 Engagement | 31-May-2022 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|--|---|-------------|-----------|---|
| | | | | plans, including mechanisms for allocation of funding, agreed by Boards | | | developed and implementation is now underway. |
| | | | | 03. Develop learning and development programme for staff as well as Customer and Community Voices | 30-Sep-2022 | Yes | |
| | | | | 04. Customer voices feedback to group wide governance event(s) | 31-Mar-2023 | No | |
| | | | | 05. Complete recruitment of Customer and Community Voices | 31-Mar-2023 | No | |
| Customer data collection exercise (Contact info, equalities and communication preferences) (b) | 30-Nov-2022 |  |  | 01. Project approach and proposed resource requirements agreed Group Executive | 31-May-2022 | Yes | The data collection exercise made excellent progress in September. 91% of customers were verified by the 30/09, with a mop up exercise is ongoing to maximise these results. |
| | | | | 02. Data collection exercise undertaken (RSL tenants, Lowther tenants & Care customers) | 30-Sep-2022 | Yes | |
| | | | | 03. Update to Group Executive on outcome of data collection exercise and proposed actions | 31-Oct-2022 | No | |
| | | | | 04. Update to Boards on outcome of data collection exercise | 30-Nov-2022 | No | |


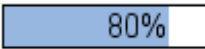

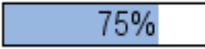

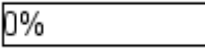
D. Assets & Sustainability Programme Stream


| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|-----------------------|---------------|---|--|----------------------|-------------|-----------|----------------------|
| Corporate Estate (b) | 31-Mar-2023 |  |  | 01. East Glasgow and | 31-Jul-2022 | No | Works at NMR are now |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|--|--|-------------|-----------|--|
| | | | | Bathgate Hubs complete | | | complete. Wallacewell construction and fit are complete but completion has been delayed as we are awaiting for BT fibre connection. |
| | | | | 02. West Glasgow Hub complete | 30-Sep-2022 | No | |
| | | | | 03. East Hub (NMR) complete | 30-Sep-2022 | Yes | |
| | | | | 04. CFC Lipton House complete | 31-Dec-2022 | No | |
| | | | | 05. South Hub (Dumfries) complete | 31-Mar-2023 | No | |
| Strategic Sustainability Framework (b) | 31-Jan-2023 |  |  | 01. Pathway to Net Zero Advisory Group recruited and in place | 31-May-2022 | Yes | Wheatley board considered draft strategic framework at its August residential. Partner boards were subsequently updated during September. The updated draft will be brought to Group Board in December, with the Wheatley Solutions Board and Pathway to Net Zero Group to consider it in advance of this. |
| | | | | 02. Commission an independent review of energy efficient technologies and low emission heating systems installed to date | 31-May-2022 | Yes | |
| | | | | 03. Draft framework reviewed by Advisory Group | 31-Jul-2022 | Yes | |
| | | | | 04. Update on sustainability framework and independent review to Group Board | 31-Aug-2022 | Yes | |
| | | | | 05. Independent review complete | 30-Sep-2022 | No | |
| | | | | 06. Draft framework and outcome of independent review to ET | 31-Oct-2022 | No | |
| | | | | 07. Draft framework approved by Group Board | 31-Dec-2022 | No | |
| | | | | 08. Group wide launch of strategic sustainability framework | 31-Jan-2023 | No | |


| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--------------------------------|---------------|---|----------------------------|--|-------------|------------|--|
| Asset Strategy for Glasgow (b) | 31-Mar-2023 |  | <div><div></div></div> 0% | 01. Strategic assets appraisal undertaken for Glasgow, taking into account our planned development programme and liaison with partners (GCC) | 31-Dec-2022 | No | Foundations for strategy being developed at present including on-going stock condition validation exercise by JLL, low carbon heating system evaluation by Ricardo and distance to travel to EPC B assessment as part of sustainability framework. |
| | | | | 02. Asset strategy approved by ET | 31-Jan-2023 | No | |
| | | | | 03. Asset strategy and approach to customer engagement during implementation approved by Wheatley Homes Glasgow Board | 31-Mar-2023 | No | |
| Wyndford Regeneration (b) | 31-Mar-2023 |  | <div><div></div></div> 20% | 01. Issue demolition tender documents | 30-Jun-2022 | Yes | [redacted] |
| | | | | 02. Co-create investment plans with customers and seek their input on new build proposals including the Wyndford Future Focus Group | 31-Mar-2023 | No | |
| | | | | 03. Update to Wheatley Homes Glasgow Board | 31-Mar-2023 | No | |
| | | | | 04. Conclude our rehousing strategy | 31-Mar-2023 | No | |
| | | | | 05. Masterplan agreed with GCC | 31-Mar-2023 | No | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | | | | 02. Commence community consultation with Customer & Community Voices | 31-Dec-2022 | Yes | |
| | | | | 03. Complete Masterplan Consultation | 31-Mar-2023 | No | |


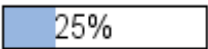

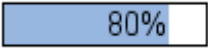
E. Governance Programme Stream

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|--|--|-------------|-----------|--|
| Strategic Governance Review (b) | 30-Nov-2022 |  |  | 01. Wheatley Homes Glasgow – all legal steps taken to officially change name | 31-May-2022 | Yes | The WLHP transfer was completed at the start of September following the successful tenant ballot and receipt of relevant consents. [redacted] |
| | | | | 02. East of Scotland partnership – stage 1 consultation complete | 31-May-2022 | Yes | |
| | | | | 03. East of Scotland partnership tenant ballot completed | 30-Jun-2022 | Yes | |
| | | | | 04. WLHP stock transfer completed | 31-Jul-2022 | Yes | |
| | | | | [redacted] | 30-Nov-2022 | No | |
| Equality, Diversity & Inclusion (b) | 31-Oct-2022 |  |  | 01. ET agree proposed survey approach for staff and tenants | 31-May-2022 | Yes | The Board approved the revised policy at its meeting in September. The equalities results have been considered and proposed actions will be presented to RSL Boards in November. The Assurance Statement is presented to this meeting for Board approval. |
| | | | | 02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval | 31-Aug-2022 | Yes | |
| | | | | 03. Equalities results from customer data collection exercise analysed and proposed actions to Group Executive | 30-Sep-2022 | Yes | |
| | | | | 04. Update SHR Annual Assurance Statement on progress with equalities | 31-Oct-2022 | No | |
| Updated Strategic Agreement with GCC (b) | 31-Mar-2023 |  |  | 01. Group Executive agree an outline updated strategic agreement for discussion with GCC | 30-Sep-2022 | No | Engagement with GCC is ongoing, including at CEO level. An update on progress will be provided |


| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|---------------|--|-------------|-----------|---|
| | | | | 02. Present outline strategic agreement to Group Board for consideration | 31-Oct-2022 | No | at the meeting. |
| | | | | 03. Update to Wheatley Homes Glasgow Board | 30-Nov-2022 | No | |
| | | | | 04. Board approvals of draft strategic agreement with GCC | 28-Feb-2023 | No | |
| | | | | 05. Present to GCC for approval | 31-Mar-2023 | No | |
| Strategic agreement with Dumfries and Galloway Council (b) | 31-Mar-2023 |  | <div>0%</div> | 01. Group Executive agree an outline strategic agreement for discussion with DGC | 30-Sep-2022 | No | Engagement with GDGCC is ongoing, including at CEO and senior officer level. An update on progress will be provided at the meeting. |
| | | | | 02. Present outline strategic agreement to Group Board for consideration | 31-Oct-2022 | No | |
| | | | | 03. Update to DGHP Board | 30-Nov-2022 | No | |
| | | | | 04. Board approvals of draft strategic agreement with DGC | 28-Feb-2023 | No | |
| | | | | 05. Present to DGC for approval | 31-Mar-2023 | No | |

H. Other - Changing Lives & Communities

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|----------------|--|-------------|-----------|---|
| Strategic realignment of Care services (b) | 31-Mar-2023 |  | <div>33%</div> | 01. External consultant appointed | 31-Oct-2022 | No | External consultant will now be appointed by end Oct. Report will be due by end Jan. Final report to Board end March. Project will still end by March '23 |
| | | | | 02. Review the current service delivery offering within Care | 30-Nov-2022 | Yes | |
| | | | | 03. Report from external consultant | 31-Jan-2023 | No | |
| | | | | 04. Final report to Board | 31-Mar-2023 | No | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--|---------------|---|--|--|-------------|-----------|--|
| Implement year 2 of the Group Homelessness Framework (b) | 31-Mar-2023 |  |  | 01. Undertake a review of existing customer engagement in homelessness service design and delivery | 30-Jun-2022 | Yes | Milestones 2 and 3 are progressing with work to review tenancy sustainment ongoing |
| | | | | 02. Develop an action plan to maximise engagement opportunities | 30-Nov-2022 | No | |
| | | | | 03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting | 31-Dec-2022 | No | |
| | | | | 04. Proposal drafted and available for ET review | 31-Mar-2023 | No | |
| Review of group allocations policy and systems (b) | 31-Mar-2023 |  |  | 01. Updates to policy agreed by ET and RSL Boards for consultation with tenants | 31-May-2022 | Yes | Milestone 4 complete on target. All RSL boards provided with an update and new policy adopted by them. Demonstration of MyHousing also presented to boards. Work is ongoing to prepare for final milestone |
| | | | | 02. Undertake customer consultation | 31-Jul-2022 | Yes | |
| | | | | 03. Present findings to Wheatley Board | 31-Aug-2022 | Yes | |
| | | | | 04. Present findings to RSL Boards | 30-Sep-2022 | Yes | |
| | | | | 05. Undertake testing of the new system in D&G | 31-Mar-2023 | No | |

J. Other - Enabling our Ambitions

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|--------------------------|---------------|---|---------------------------|--------------------------------------|-------------|-----------|---|
| NETs Digital service (b) | 30-Nov-2022 |  | <div><div>40%</div></div> | 01. Undertake build phase | 31-Jul-2022 | Yes | User Testing identified some bugs within the Management Console that required to be addressed prior to the pilot commencing. The pilot will now commence on 7/11/22, initially in the East. Go Live by the end of November is anticipated, with an update to the Group Board on 14/12/22. |
| | | | | 02. Undertake testing of the product | 31-Aug-2022 | Yes | |
| | | | | 03. Commence pilot | 30-Sep-2022 | No | |
| | | | | 04. Go Live | 30-Nov-2022 | No | |
| | | | | 05. Provide update to Board | 30-Nov-2022 | No | |

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 26 October 2022

1. Purpose

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

2. Authorising and strategic context

- 2.1 On-going monitoring of financial performance against agreed targets is one of the responsibilities of the Group Board under the Group Standing Orders.
- 2.2 The strategic context is one of a challenging external environment, with inflation rising rapidly on fuel, utilities and construction materials and most recently the announcement in the Scottish Government Programme for Government of a rent freeze for all tenants until at least 31 March 2023.
- 2.3 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 September 2022

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

| £m | Year to Date (Period 6) | | |
|--------------------------------|-------------------------|---------------|--------------|
| | Actual | Budget | Variance |
| Turnover | 210.5 | 204.1 | 6.4 |
| Operating expenditure | (159.9) | (159.5) | (0.4) |
| Operating surplus | 50.6 | 44.6 | 6.0 |
| <i>Operating margin</i> | <i>24.0%</i> | <i>21.8%</i> | |
| Net interest payable | (29.7) | (31.8) | 2.1 |
| Surplus | 20.9 | 12.8 | 8.1 |
| Net Capital Expenditure | (63.4) | (62.2) | (1.2) |

4. Discussion

4.1 The Group is reporting a statutory surplus of £20.9m, £8.1m favourable to budget. Higher overall grant income on new build completions and savings across voids, running costs, bad debts and in interest payable year to date is offset by costs in delivering the increased customer demand for repairs and maintenance.

4.2 Key variances against budget include:

- Within turnover, grant income recognised on new build completions is £5.8m higher than budget. 349 units (270 social rent and 79 MMR) have been completed by end of September.
- Net rental income is £0.6m favourable to budget with a stronger performance in void rent loss levels driving the variance.
- In operating expenditure, total costs are £0.4m unfavourable to budget, with lower expenditure than budget across staff costs, running costs and bad debts offset by higher spend on revenue repairs and maintenance.
- Staff costs are £0.6m favourable to 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 £0.7m favourable, linked to group service costs where a number of departments are currently reporting lower costs across Wheatley Solutions.
- Bad debt costs are £0.7m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.
- Revenue repairs and maintenance spend is £2.5m unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £3.8m higher than budget, with cyclical and compliance spend £1.3m lower than budget. There is a higher demand for repairs with increasing number of new jobs coming through the Customer First Centre and increasing inflationary pressure on the cost of materials in the in-house services in the south and east.

4.3 Net capital expenditure is £1.2m higher than budget. Within this, new build spend is £5.1m lower linking through to grant income claimed which is £6.3m lower than budget. New build spend reflects delays in planning approvals and slower progress on certain sites due to supply issues. Greater spend had been anticipated across sites at WH Glasgow including Watson, Shawbridge Street and Arcade and Calton; at Loretto including Maddison (now golden brick) and Forfar Avenue due to delays; and at WH East including underspend at Penicuik, Roslin, Rowanbank and Westcraigs due to a combination of spend being accelerated into 2021/22 and site delays.

4.4 Investment in our existing homes of £38.5m was £1.8m higher than budget with higher spend across adaptations, void improvements and capitalised repairs in the RSLs. This is reduced in part by core investment works reflecting the reprofiled programme to 2023/24.

Q2 Forecast

| £m | Q2 Forecast | | |
|--------------------------------|----------------|----------------|-------------|
| | Budget | Forecast | Variance |
| Turnover | 395.7 | 414.3 | 18.6 |
| Operating expenditure | (323.5) | (327.2) | (3.7) |
| Operating surplus | 72.2 | 87.1 | 14.9 |
| <i>Operating margin</i> | <i>18.3%</i> | <i>21%</i> | |
| Net interest payable | (65.5) | (65.5) | - |
| Statutory surplus | 6.7 | 21.6 | 14.9 |
| Net Capital Expenditure | (133.9) | (128.4) | 5.5 |

- 4.5 The full year forecast out-turn for the Group shows a statutory surplus of £21.6m, £14.9m higher than budget.
- 4.6 The key drivers for the variance to budget are:
- a higher level of grant income on completion of new build properties reflecting the updated profile for delayed 2021/22 units now completing in 2022/23
 - the recognition of Scottish Government Net Zero Heat Funding of £5.1m for connected response projects across the RSLs and full home retrofit work in WH South and further grant awards for other decarbonisation projects in WH South of £0.7m with expenditure for both included in core investment spend
 - improved void performance with void rent loss forecast £1.5m lower than budget
 - the additional £3.5m for the Here for You Fund shown in running costs, offset partially by lower forecast Group services running costs
 - an additional £5.0m for reactive repairs to meet increased customer demand through the CFC
 - lower bad debt expenditure forecasting savings of £1.6m against budget reflecting the slower transition of tenants to UC. This forecast still retains a prudent level of provision for bad debts of £4.5m which compares to actual costs in 2021/22 of £2.9m
 - net interest costs are forecast to be in line with budget for the full year. Actual short term floating rates in the 6 months to 30 September were lower than the 2.25% assumed in the budget however the savings are offset by the forecast increase in short term variable rates to 4.5% by Q4.
- 4.7 Net capital investment is expected to be £5.5m lower than budget.
- total core investment programme is expected to be £2.0m higher than budget and includes the recognition of an additional £5.1m of spend funded by Scottish Government Net Zero Heat Fund.
 - the forecast also provides for in higher than budgeted adaptations, capitalised voids and capitalised repairs and with the increase in fully funded net zero works in the programme this year an element of programmed investment works have been deferred to 2023/24.
- 4.8 The Group Q2 forecast has been prepared on a prudent basis and is reported after including provision for additional support to customers facing financial hardship through the launch of the new Here for You Fund.

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

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 As noted above.

9. Legal, regulatory and charitable implications

- 9.1 As noted above.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".
- 10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

- 11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

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

13. Recommendations

- 13.1 The Board is requested to:
- 1) note the Group management accounts for the period ended 30 September 2022 at Appendix 1; and
 - 2) approve the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders.

Appendices:

- 1: Wheatley Group Financial Report to 30 September 2022
- 2: RSL Borrower Group Financial Report to 30 September 2022

Appendix 1: Wheatley Group Financial Report To 30 September 2022 (Period 6)

| | |
|---|-------|
| 1. Income & Expenditure | |
| a) Year-to-Date Executive Summary | 2 |
| 2. RSL Borrower Group | 3 |
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1a) Wheatley Group – Year to date

| | Period to 30 September 2022 | | | Full Year Budget £'000 |
|---|-----------------------------|-----------------|-------------------|---------------------------|
| | Actual £'000 | Budget £'000 | Variance £'000 | |
| INCOME | | | | |
| Net Rental Income | 157,107 | 156,492 | 615 | 312,908 |
| Grant income | 32,615 | 26,786 | 5,829 | 40,539 |
| Other Income | 20,815 | 20,808 | 7 | 42,270 |
| Total Income | 210,537 | 204,086 | 6,451 | 395,717 |
| EXPENDITURE | | | | |
| Employee Costs | 44,924 | 45,525 | 602 | 90,056 |
| ER/VR | 334 | 334 | - | 5,149 |
| Running Costs | 21,999 | 22,699 | 700 | 46,239 |
| Repairs & Maintenance | 35,001 | 32,494 | (2,507) | 64,096 |
| Bad debts | 2,369 | 3,069 | 700 | 6,127 |
| Depreciation | 54,695 | 54,695 | - | 109,624 |
| Demolition Programme | 598 | 720 | 122 | 2,205 |
| Total Expenditure | 159,920 | 159,537 | (383) | 323,495 |
| NET OPERATING SURPLUS | 50,617 | 44,549 | 6,068 | 72,222 |
| | 24.0% | 21.8% | | 18.3% |
| Net interest payable | (29,709) | (31,775) | 2,066 | (65,511) |
| STATUTORY SURPLUS/(DEFICIT) | 20,908 | 12,774 | 8,134 | 6,711 |
| INVESTMENT | | | | |
| Total Capital Investment Income | 14,369 | 20,667 | (6,298) | 53,452 |
| Core Investment Programme | 38,507 | 36,684 | (1,823) | 73,406 |
| New Build Programme | 32,705 | 37,779 | 5,074 | 96,789 |
| Other fixed assets | 6,607 | 8,443 | 1,836 | 17,146 |
| Total Capital Investment Expenditure | 77,819 | 82,906 | 5,087 | 187,341 |
| NET CAPITAL INVESTMENT SPEND | (63,450) | (62,239) | (1,211) | (133,889) |

Key highlights year to date:

The Group operating surplus for the period ended 30 September was £50,617k which is £6,068k favourable to budget. At the statutory surplus level, a surplus of £20,908k is reported showing a favourable variance of £8,134k to budget. The variance reflects higher grant income on delayed new build completions and favourable variances across a number of other expenditure lines offset by costs in delivering the increased demand for repairs and maintenance.

Total income of £210,537k is £6,451k favourable to budget:

- Net rental income is £615k favourable to budget across the RSLs. Year to date rent loss on voids is lower than budget across all RSLs and Lowther, driving the favourable variance.
- New build grant income recognised to date relates to 349 units completed in the RSL borrower group. This includes units delayed from 2021/22. Grant recognised relates to completions at Damshot, Hurlford Ave and Watson for WHGlasgow; Dargavel, Hallrule, Queens Quay and Sawmill for Loretto; Almondvale, South Gilmerton and Blackness Road for WH East; and Eastriggs and Nursery Avenue for WH South.

Total expenditure of £159,920k is £383k unfavourable to budget:

- Staff costs (direct and group services) are £602k lower than budget driven by a favourable variance in employee care contract costs from budget in Wheatley care due to a number of services operating with staff vacancies against budget and lower staff costs across Wheatley Solutions.
- Running costs (direct and group services) are £700k favourable to budget with the variance largely linked to lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £2,507k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £3,817k higher than budget, with cyclical and compliance spend £1,310k lower than budget. There is a higher demand for repairs with increasing number of new jobs coming through the Customer First Centre and increasing inflationary pressure on the cost of materials in the in-house services in the south and east.
- Bad debts are £700k favourable to budget across the Group with a prudent provision set aside for increases in arrears.

Net interest payable is £2,066k lower than budget linked to lower loan balances drawn and lower floating interest rates in the year to September 2022 than assumed in the budget.

Net capital expenditure of £63,450k is £1,211k unfavourable to budget.

- Capital investment income relates to the cash receipt of new build grants and is £6,298k 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 £1,823k higher than budget driven by higher spend in the RSLs due to higher adaptations, capitalised voids and capitalised repairs. Of the additional spend reported £1,090k of it is grant funded (across adaptations and decarbonisation and renewables projects).
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across sites at WH Glasgow including Watson, Shawbridge Street and Arcade and Calton; at Loretto including Maddison (now golden brick) and Forfar Avenue due to delays; and at WH East including underspend at Penicuik, Roslin, Rowanbank and Westcraigs due to a combination of spend being accelerated into 2021/22 and delays.

Wheatley Group Financial Report To 30 September 2022 (Period 6)

RSL Borrower Group

2a) RSL Borrower Group – Year to date

| | Period to 30 September 2022 | | | Full Year Budget £'000 |
|---|-----------------------------|-----------------|----------------|---------------------------|
| | ACT £'000 | BUD £'000 | VAR £'000 | |
| INCOME | | | | |
| Net Rental Income | 148,427 | 147,724 | 703 | 295,179 |
| Grant income | 32,615 | 26,786 | 5,829 | 40,539 |
| Other Income | 7,835 | 7,130 | 704 | 14,874 |
| Total Income | 188,877 | 181,640 | 7,237 | 350,592 |
| EXPENDITURE | | | | |
| Employee Costs | 33,589 | 33,463 | (126) | 66,213 |
| ER/VR | 334 | 334 | - | 5,149 |
| Running Costs | 16,675 | 17,320 | 645 | 34,955 |
| Repairs & Maintenance | 32,348 | 29,671 | (2,677) | 58,395 |
| Bad debts | 2,123 | 2,916 | 793 | 5,820 |
| Depreciation | 54,695 | 54,695 | - | 109,624 |
| Demolition Programme | 598 | 720 | 122 | 2,205 |
| Total Expenditure | 140,361 | 139,118 | (1,243) | 282,361 |
| NET OPERATING SURPLUS | 48,516 | 42,522 | 5,994 | 68,231 |
| | 25.7% | 23.4% | | 19.5% |
| Net interest payable | (28,257) | (30,323) | 2,066 | (62,608) |
| STATUTORY SURPLUS/(DEFICIT) | 20,259 | 12,199 | 8,060 | 5,623 |
| INVESTMENT | | | | |
| Total Capital Investment Income | 14,369 | 18,532 | (4,163) | 49,259 |
| Core Investment Programme | 37,868 | 36,280 | (1,588) | 72,598 |
| New Build Programme | 32,478 | 35,644 | 3,166 | 90,929 |
| Other fixed assets | 6,485 | 8,363 | 1,878 | 16,986 |
| Total Capital Investment Expenditure | 76,831 | 80,287 | 3,456 | 180,513 |
| NET CAPITAL INVESTMENT SPEND | (62,462) | (61,755) | (707) | (131,254) |

Key highlights year to date:

The operating surplus to 30 September is £48,516k, £5,994k favourable to budget. At the statutory surplus level, a surplus of £20,259k is reported showing a favourable variance of £8,060k compared to the budget. The variance reflects higher grant income on delayed new build completions and favourable variances across a number of other expenditure lines offset by costs in delivering the increased demand for repairs and maintenance.

Total income of £188,877k is £7,237k favourable to budget:

- Net rental income is £703k favourable to budget across the RSLs. Rent loss on voids at 1.03% is lower than the overall 1.61% budget driving the favourable variance.
- New build grant income recognised to date relates to 349 units completed in the RSL borrower group. This includes units delayed from 2021/22. Grant recognised relates to completions at Damshot, Hurlford Ave and Watson for WHGlasgow; Dargavel, Hallrule, Queens Quay and Sawmill for Loretto; Almondvale, South Gilmerton and Blackness Road for WHEast; and Easttriggs and Nursery Avenue for WHSouth.
- Other income is £704k favourable to budget arising from by unbudgeted income in WHSouth for decarbonisation and renewables project (Cavity Wall Insulation (CWI) and LCITP works) of £537k, L&A damages for Sighthill and continuation of the furnished let service generating income in WHGlasgow favourable to budget. This furnished let income is offset by additional service costs included in direct running costs.

Total expenditure of £140,361k is £1,243k unfavourable to budget:

- Employee costs (direct and group services) are £126k unfavourable to budget arising from additional overtime costs, primarily in the NETS team in WHGlasgow, and temporary staff costs in the W360 Money Advice Team. Lower staff costs across Wheatley Solutions are being reported reducing the overall unfavourable variance.
- Running costs are £645k favourable to budget with the variance largely linked to lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £2,677k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £3,991k higher than budget, with cyclical and compliance spend £1,314k lower than budget. There is a higher demand for repairs with increasing number of new jobs coming through the Customer First Centre and inflationary pressure on the cost of materials in the in-house services in the south and east.
- Bad debts are £793k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears.

Interest payable is £2,066k favourable to budget linked to lower balances drawn than assumed in the budget and a lower floating rate than assumed in the business plan at this point in the year.

Net capital expenditure of £61,462k is £293k lower than budget.

- Capital investment income relates to the cash receipt of new build grants and is £4,163k 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 £1,588k higher than budget driven by higher spend in the RSLs due to higher adaptations, capitalised voids and capitalised repairs. Of this additional spend £1,090k relates to grant funded adaptations and funded decarbonisation projects in WH South.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across sites at WH Glasgow including Watson, Shawbridge Street and Arcade and Calton; at Loretto including Maddison (now golden brick) and Forfar Avenue due to delays; and at WH East including underspend at Penicuik, Roslin, Rowanbank and Westcraigs due to a combination of spend being accelerated into 2021/22 and delays.

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

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

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

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

In the period to 30 September 2022, an underlying surplus of £4,471k has been generated using this measure which is £643k favourable to budget. The variance is driven by interest payable being lower than budget offset by higher levels of core investment expenditure.

| Borrower Group Underlying Surplus - September 2022 | | | | |
|--|-------------------|-------------------|---------------------|------------------|
| | YTD Actual £ks | YTD Budget £ks | YTD Variance £ks | FY Budget £ks |
| Net operating surplus | 48,516 | 42,522 | 5,994 | 68,231 |
| add back: | | | | |
| Depreciation | 54,695 | 54,695 | 0 | 109,624 |
| less: | | | | |
| Grant income | (32,615) | (26,786) | (5,829) | (40,539) |
| Net interest payable | (28,257) | (30,323) | 2,066 | (62,608) |
| Total expenditure on Core Programme | (37,868) | (36,280) | (1,588) | (72,598) |
| Underlying surplus | 4,471 | 3,828 | 643 | 2,110 |
| | | | | |

2c) Wheatley Homes Glasgow – Year to date

| | Period to 30 September 2022 | | | Full Year |
|---|-----------------------------|-------------------|------------------------|------------------|
| | YTD Actual £ks | YTD Budget £ks | YTD Variance £ks | Budget £ks |
| INCOME | | | | |
| Rental Income | £102,089 | £101,968 | £121 | £203,455 |
| Void Losses | (£1,018) | (£1,553) | £535 | (£3,097) |
| Net Rental Income | £101,071 | £100,415 | £656 | £200,358 |
| Grant Income | £9,520 | £7,029 | £2,491 | £7,269 |
| Other Income | £5,138 | £5,095 | £43 | £10,653 |
| Total Income | £115,729 | £112,539 | £3,190 | £218,280 |
| EXPENDITURE | | | | |
| Employee Costs - Direct | £17,896 | £17,736 | (£160) | £35,196 |
| Employee Costs - Group Services | £7,610 | £7,739 | £129 | £15,397 |
| ER / VR | £257 | £334 | £77 | £4,408 |
| Direct Running Costs | £6,924 | £7,007 | £83 | £14,183 |
| Running Costs - Group Services | £4,505 | £4,856 | £351 | £9,745 |
| Revenue Repairs and Maintenance | £22,439 | £20,621 | (£1,818) | £40,294 |
| Bad debts | £1,452 | £2,063 | £611 | £4,114 |
| Depreciation | £37,667 | £37,667 | £0 | £75,334 |
| Demolition and Tenants Compensation | £515 | £609 | £94 | £1,517 |
| TOTAL EXPENDITURE | £99,265 | £98,632 | (£633) | £200,188 |
| NET OPERATING SURPLUS / (DEFICIT) | £16,464 | £13,907 | £2,557 | £18,092 |
| <i>Net operating margin</i> | <i>14.2%</i> | <i>12.4%</i> | <i>1.9%</i> | <i>8.3%</i> |
| Net Interest payable & similar charges | (£20,189) | (£21,921) | £1,732 | (£46,257) |
| STATUTORY SURPLUS / (DEFICIT) | (£3,725) | (£8,014) | £4,289 | (£28,165) |
| INVESTMENT | | | | |
| | Actual | Budget | Variance | Budget |
| Total Capital Investment Income | £3,648 | £3,860 | (£212) | £10,711 |
| Total Expenditure on Core Programme | £24,634 | £22,459 | (£2,175) | £44,286 |
| New Build & other investment expenditure | £8,788 | £10,646 | £1,858 | £25,748 |
| Other Capital Expenditure | £3,034 | £4,886 | £1,852 | £10,093 |
| TOTAL CAPITAL EXPENDITURE | £36,456 | £37,991 | £1,535 | £80,127 |
| NET CAPITAL EXPENDITURE | £32,808 | £34,131 | £1,323 | £69,416 |

Key highlights year to date:

Net operating surplus of £16,464k is £2,557k favourable to budget. Statutory deficit for the period to 30 September is £3,725k, which is £4,289k favourable to budget. The main driver of the variance is lower interest payable and higher grant income from completions.

- Net rental income of £101,071k is £656k higher than budget at the end of P6. Higher rental income is reported relating to the faster clearance of the 4 Wyndford blocks. Void losses are £534k lower than budget and represent a 1.0% void loss rate compared to the budgeted rate of 1.5%.
- Grant income recognised in the year relates to 99 units completed by September: 26 SR units at Damshot, 27 MMR units at Hurlford (both delayed from last year) and 46 MMR units at Watson. The YTD budget includes grant for 56 MMR units at Sighthill and completion is delayed until Q3/Q4, noting that this unfavourable variance is offset by the grant released for Damshot and Hurlford.
- Total employee costs (direct and group services) are £31k unfavourable to budget. The overspend to budget in direct employee costs mainly relates temporary staff costs in the W360 Money Advice Team and additional overtime costs. The group services recharge is £129k favourable to budget at September and reflects WH-Glasgow's share of changes in Wheatley Solutions staff from the budgeted structure.
- Total running costs (direct and group services) are £434k favourable to budget. Group recharges are £351k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, leading to the underspend against budget.
- Revenue repairs and maintenance spend is £1,818k unfavourable to budget. The variance relates to higher than budgeted spend across responsive repairs which is £2,763k higher than budget, with cyclical and compliance spend £945k lower than budget. The overspend on reactive repairs is linked to the clearance of the repairs backlog and higher demand for repairs with increasing number of new jobs coming through the Customer First Centre.
- Gross interest payable of £20,189k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £1,732k lower than budget linked to lower loan balances drawn than assumed in the budget.

Net capital expenditure of £32,808k is £1,323k lower than budget. The variance is driven by lower other capital expenditure and new build, partially offset by higher investment spent.

- Investment programme spend is £2,175k unfavourable to budget, driven by higher spend in adaptations and capitalised voids and repairs, in addition to acceleration of the core programme.
- New build spend is £1,858k lower than budget following reduced spend across several projects including Watson, Shawbridge Street and Arcade and Calton. Capital investment income (grants) is £212k lower than budget due to timing of claims for the Shawbridge Arcade project.
- Other capital expenditure of £3,034k is £1,852k lower than budget. Other capital spend includes IT capital projects and work on local touchdown hubs.

2d) Loretto Housing – Year to date

| | Period To 30 September 2022 | | | Full Year Budget £k |
|--------------------------------------|-----------------------------|---------------|----------------|---------------------------|
| | Actual £k | Budget £k | Variance £k | |
| INCOME | | | | |
| Rental Income | 7,243 | 7,293 | (50) | 14,823 |
| Void Losses | (104) | (238) | 134 | (478) |
| Net Rental Income | 7,139 | 7,056 | 84 | 14,345 |
| Grant Income | 12,548 | 12,664 | (116) | 18,875 |
| Other Income | 227 | 158 | 69 | 315 |
| Total Income | 19,915 | 19,878 | 37 | 33,535 |
| EXPENDITURE | | | | |
| Employee Costs - Direct | 666 | 692 | 26 | 1,384 |
| Employee Costs - Group Services | 295 | 298 | 3 | 596 |
| ER / VR | 0 | 0 | 0 | 185 |
| Direct Running Costs | 907 | 968 | 61 | 1,812 |
| Running Costs - Group Services | 173 | 192 | 20 | 385 |
| Revenue Repairs and Maintenance | 1,381 | 1,250 | (131) | 2,569 |
| Bad debts | 92 | 197 | 105 | 394 |
| Depreciation | 3,660 | 3,660 | 0 | 7,320 |
| TOTAL EXPENDITURE | 7,174 | 7,257 | 83 | 14,645 |
| OPERATING SURPLUS / (DEFICIT) | 12,741 | 12,621 | 119 | 18,890 |
| Interest Payable | (1,614) | (1,714) | 100 | (3,320) |
| STATUTORY SURPLUS / (DEFICIT) | 11,127 | 10,907 | 220 | 15,571 |

| | Period To 30 September 2022 | | | Full Year Budget £k |
|--|-----------------------------|--------------|----------------|---------------------------|
| | Actual £k | Budget £k | Variance £k | |
| INVESTMENT | | | | |
| Total Capital Investment Income | 1,041 | 1,931 | (891) | 8,088 |
| Investment Programme | 1,132 | 1,745 | 614 | 5,339 |
| New Build Programme | 3,876 | 4,390 | 514 | 14,115 |
| Other Capital Expenditure | 101 | 167 | 66 | 434 |
| TOTAL CAPITAL EXPENDITURE | 5,109 | 6,303 | 1,194 | 19,888 |
| NET CAPITAL EXPENDITURE | 4,068 | 4,371 | 303 | 11,800 |

Key highlights year to date:

Net operating surplus of £12,741k is £119k favourable to budget. Statutory surplus for the year is £11,127k, £220k favourable to budget. The main driver of the favourable variance is lower void losses and interest payable.

- Gross rental income of £7,243k is £50k unfavourable to budget. Inchyra service charge income was reconfigured this year, with the actual income YTD £27k higher than the prudent budget. This increase has been offset by reduced rental income linked to delays in new build completions for Dargavel, Hallrule, and Queens Quay.
 - Void losses in the year to date are 1.43% against a budget of 3.26%.
 - Grant income mainly relates to the release of grant for new build completions; YTD grant has been released for 4 units at Dargavel delayed from 2021/22 plus a further 11 (out of a total of 31 budgeted YTD), 32 units at Hallrule, 65 units at Queens Quay (5 completed ahead of schedule) and 6 units at Sawmill (completed ahead of schedule).
 - Employee costs are £26k favourable to budget due to landlord services income, linked to the Nets service provided to owners in Loretto mixed tenure blocks. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
 - Direct running costs are £61k favourable to budget, with most budget lines showing underspends. Group Services running costs are £173k YTD and favourable to budget due to a number of departments currently reporting lower costs across Wheatley Solutions, contributing to the underspend against budget.
 - Revenue repairs and maintenance expenditure is £131k unfavourable to budget due to an overspend on reactive maintenance, reflecting an increase in customer demand.
 - Bad debts are £105k favourable to budget. A prudent approach was taken when setting the budget.
 - Gross interest payable of £1,614k represents interest due on the loans due to Wheatley Funding Ltd. Costs are £100k lower than budget linked to lower loan balances drawn than assumed in the budget.
- Net capital expenditure of £4,068k is £303k favourable to budget.
- Capital investment income is £891k lower than budget due to delay at two sites. Commencement of the Maddiston grant claims was delayed by 5 months, resulting from a later site start. Forfar Avenue has been delayed due to GCC planning issues with site start likely to move to 2023/24. The impact of the delays is partially offset by the first grant claim for Sawmill Field being a month ahead of schedule.
 - Investment programme expenditure of £1,132k relates to core programme works, capitalised repairs and voids. An underspend is currently reported due to CBG resources being diverted to the repairs service. The budget profiled increased spend in Q2 on KBR and W&D programmes.
 - Other capital expenditure of £101k relates to the Loretto contribution to Wheatley Group IT and office refurbishments.

2e) West Lothian Housing Partnership – Year to date

| | Year to 4th September 2022 | | | Full Year |
|--|----------------------------|---------------|-----------------|---------------|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| INCOME | | | | |
| Rental Income | 1,805 | 1,988 | (183) | 1,988 |
| Void Losses | (2) | (27) | 25 | (27) |
| Net Rental Income | 1,803 | 1,961 | (158) | 1,961 |
| Grant Income Recognised in the Year | 3,376 | 3,275 | 101 | 3,275 |
| Other Income | 2 | 33 | (31) | 33 |
| TOTAL INCOME | 5,181 | 5,269 | (88) | 5,269 |
| EXPENDITURE | | | | |
| Employee Costs - Direct | 206 | 209 | 3 | 209 |
| Employee Costs - Group Services | 36 | 36 | (0) | 36 |
| ER/VR | 0 | 0 | 0 | 0 |
| Direct Running Costs | 172 | 182 | 10 | 182 |
| Running Costs - Group Services | 21 | 23 | 2 | 23 |
| Revenue Repairs and Maintenance | 310 | 304 | (6) | 304 |
| Bad Debts | 3 | 28 | 25 | 28 |
| Depreciation | 963 | 963 | (0) | 963 |
| TOTAL EXPENDITURE | 1,711 | 1,745 | 34 | 1,745 |
| NET OPERATING SURPLUS / (DEFICIT) | 3,470 | 3,524 | (54) | 3,524 |
| <i>Net Operating Margin</i> | 67% | 67% | 0% | 67% |
| Interest receivable | 0 | 0 | (0) | 0 |
| Interest payable | (488) | (555) | 67 | (555) |
| STATUTORY SURPLUS / (DEFICIT) | 2,982 | 2,969 | 13 | 2,969 |
| | | | | |
| | Year to 4th September 2022 | | | Full Year |
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| INVESTMENT | | | | |
| Total Capital Investment Income | 173 | 3,103 | (2,930) | 3,103 |
| Total Expenditure on Core Programme | 229 | 347 | 118 | 347 |
| New Build & Other Investment | 2,847 | 4,633 | 1,786 | 4,633 |
| Other Capital Expenditure | 31 | 33 | 2 | 33 |
| TOTAL CAPITAL EXPENDITURE | 3,107 | 5,013 | 1,906 | 5,013 |
| NET CAPITAL EXPENDITURE | 2,934 | 1,910 | (1,024) | 1,910 |

Key highlights year to date:

Full year budget includes the activities of WLHP up to the transfer to Wheatley Homes East.

Net operating surplus of £3,470k is £54k adverse to budget. Statutory surplus for the period to 4 September 2022 is £2,982k, is £13k favourable to budget. The main driver being favourable variance relating to interest payable.

- Rental income is £183k adverse to budget primarily due to delayed handovers at Almondvale in 2021/22. This includes £16k relating to 22 Almondvale properties which were leased to Wheatley Homes East prior to the transfer. To date, 48 units have completed with 23 units handed over in September post transfer.
- In other income the variance relates to amounts budgeted for lease income from Almondvale MMR properties from Lowther, however these units are delayed until November 2022.
- Grant income recognised in the year relates to the 48 units completing at Almondvale and £23k of medical adaptation grant claimed in the year.
- Revenue repairs and maintenance are £6k adverse to budget, following an increase in demand for repairs services in the year.
- Bad debts are £25k favourable with a prudent approach taken when setting the budget.
- Interest payable of £488k is £67k lower than budget linked to lower loan balances drawn than assumed in the budget.

Net capital expenditure of £2,934k is £1,024k higher than budget. The variance is driven by lower levels of grant income claimed offset in part by lower spend on the new build programme.

- Core investment expenditure of £229k is £118k lower than budget mainly due to the actual timing of the spend on bathrooms in the year to date against programmed spend as well as only emergency boiler installations going ahead.
- New Build expenditure of £2,847k is £1,786k lower than budget driven by lower spend at Winchburgh BB (£2m) caused by a delay to projected start date, offset by overspend at Almondvale and Jarvey St.

2f) Wheatley Homes East – Year to date

| | Year to 30 September 2022 | | | Full Year |
|--|---------------------------|---------------|----------------|---------------|
| | Actual £k | Budget £k | Variance £k | |
| INCOME | | | | |
| Rental Income | 16,126 | 16,215 | (89) | 34,545 |
| Void Losses | (276) | (267) | (9) | (560) |
| Net Rental Income | 15,850 | 15,948 | (98) | 33,985 |
| Grant Income Recognised in the Year | 3,185 | 1,965 | 1,220 | 6,996 |
| Other Income | 1,659 | 1,713 | (54) | 3,363 |
| TOTAL INCOME | 20,694 | 19,626 | 1,068 | 44,344 |
| EXPENDITURE | | | | |
| Employee Costs - Direct | 2,165 | 2,174 | 9 | 4,537 |
| Employee Costs - Group Services | 1,030 | 1,040 | 10 | 2,116 |
| ER/VR | 0 | 0 | 0 | 556 |
| Direct Running Costs | 1,911 | 1,966 | 55 | 4,011 |
| Running Costs - Group Services | 604 | 672 | 68 | 1,367 |
| Revenue Repairs and Maintenance | 2,815 | 2,275 | (540) | 5,068 |
| Bad Debts | 170 | 157 | (13) | 341 |
| Depreciation | 5,581 | 5,581 | 0 | 12,358 |
| TOTAL EXPENDITURE | 14,276 | 13,865 | (411) | 30,354 |
| NET OPERATING SURPLUS / (DEFICIT) | 6,418 | 5,761 | 657 | 13,990 |
| <i>Net Operating Margin</i> | <i>31%</i> | <i>29%</i> | <i>2%</i> | <i>16%</i> |
| Interest receivable | 1 | 3 | (2) | 7 |
| Interest payable | (3,243) | (3,356) | 113 | (7,303) |
| STATUTORY SURPLUS / (DEFICIT) | 3,176 | 2,408 | 768 | 6,694 |
| | | | | |
| | Year to 30 September 2022 | | | Full Year |
| | Actual £k | Budget £k | Variance £k | |
| INVESTMENT | | | | |
| Total Capital Investment Income | 9,507 | 9,247 | 260 | 22,306 |
| Total Expenditure on Core Programme | 3,722 | 3,076 | (646) | 5,851 |
| New Build & Other Investment | 13,728 | 13,211 | (517) | 37,042 |
| Other Capital Expenditure | 2,879 | 1,139 | (1,740) | 1,510 |
| TOTAL CAPITAL EXPENDITURE | 20,329 | 17,426 | (2,903) | 44,403 |
| NET CAPITAL EXPENDITURE | 10,822 | 8,179 | (2,643) | 22,097 |

Key highlights year to date:

The results and budget includes activities transferred from WLHP on 5 September 2022.

Net operating surplus of £6,418k is £657k favourable to budget. Statutory surplus for the period to 30 September is £3,176k, £768k favourable to budget. The main drivers of the variance are higher than budgeted grant income recognised offset in part by higher than budgeted repairs and maintenance costs.

- Gross rent is £89k adverse to budget due to delayed completions at South Gilmerton, Wisp 3C and Almondvale. Void losses are £9k higher than budget with the variance relating to higher voids at the Harbour while fire mitigation works were completed. The works were completed in October.
- Grant income recognised in the year is £1,220k favourable to budget due to handovers at Almondvale (23 units) and South Gilmerton (18 units) which were expected to complete in 2021/22, completing in 2022/23. A further 6 MMR units at Blackness Rd have also completed ahead of schedule.
- Other income of £1,659k is £54k adverse to variance mainly due to local authority income at the Harbour being £55k under budget. This is subject to ongoing contract discussions.
- Total running costs (direct and group services) are £123k favourable to budget with Group recharges £68k favourable to budget due to a number of departments currently reporting lower costs across Wheatley Solutions, contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £540k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £666k higher than budget, with cyclical and compliance spend £126k lower than budget. The increase in spend in responsive repairs is due to the clearance of repairs backlog by c600 jobs, an increase in demand and inflationary pressures on the cost of materials.

Interest payable of £3,243k is £113k lower than budget linked to lower floating interest rates up to Q2 and lower loan balances drawn than assumed in the budget.

Net capital expenditure of £10,822k is £2,643k higher than budget.

- Investment programme spend is £646k unfavourable to budget due to core programme spend being ahead of budget profile for the majority of spend lines, as well as higher capitalised voids and repairs. The programme will be managed within the full year forecast spend.
- New build spend of £13,728k is £517k higher than budget due to higher spend at MacMerry (£1.7m), Raw Holdings (£1.5m), Roslin Ph2 (£0.8m) and Wallyford (£0.8m). This is partially offset by underspend at Penicuik and Rowanbank (£1.9m & £1.2m respectively, partially due to budgeted 2022/23 spend being accelerated in Q4 21/22), Roslin (£0.4m) and Winchburgh BB (£0.6m).
- Other Capital Expenditure of £2,879k is £1,740k higher than budget, primarily due to the works at the New Mart Road office refurb being incurred earlier than assumed in the budget and environmental works.

2g) Wheatley Homes South – Year to date

| OPERATING STATEMENT | Year to September 2022 | | | Full Year |
|---|------------------------|-----------------------|-------------------------|-----------------------|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| INCOME | | | | |
| Rental Income | 22,706 | 22,673 | 33 | 45,184 |
| Void Losses | (142) | (328) | 187 | (654) |
| Net Rental Income | 22,564 | 22,344 | 220 | 44,529 |
| Grant Income | 3,986 | 1,853 | 2,133 | 4,124 |
| Other Income | 1,704 | 1,092 | 612 | 2,240 |
| TOTAL INCOME | 28,254 | 25,289 | 2,965 | 50,893 |
| EXPENDITURE | | | | |
| Employee Costs - Direct | 2,638 | 2,630 | (8) | 5,258 |
| Employee Costs - Group Services | 1,390 | 1,410 | 20 | 2,807 |
| ER/VR | 77 | - | (77) | - |
| Direct Running Costs | 1,078 | 1,097 | 19 | 2,203 |
| Running Costs - Group Services | 814 | 903 | 90 | 1,813 |
| Revenue Repairs and Maintenance | 5,520 | 5,359 | (161) | 10,248 |
| Bad debts | 406 | 471 | 65 | 943 |
| Depreciation | 6,824 | 6,824 | 0 | 13,649 |
| Demolition | 83 | 111 | 28 | 688 |
| TOTAL EXPENDITURE | 18,829 | 18,806 | (24) | 37,608 |
| NET OPERATING SURPLUS | 9,425 | 6,484 | 2,941 | 13,285 |
| Net operating margin | 33% | 26% | 8% | 26% |
| Interest Receivable and similar income | 13 | 17 | (4) | 33 |
| Interest payable & similar charges | (2,737) | (2,797) | 60 | (5,213) |
| STATUTORY SURPLUS | 6,701 | 3,704 | 2,997 | 8,105 |
| INVESTMENT | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| TOTAL CAPITAL INVESTMENT INCOME | - | 391 | (391) | 5,063 |
| Core Programme | 8,151 | 8,653 | 502 | 16,775 |
| New Build Programme | 3,239 | 2,764 | (475) | 9,391 |
| Other Fixed Assets | 440 | 2,138 | 1,698 | 4,916 |
| TOTAL CAPITAL INVESTMENT EXPENDITURE | 11,830 | 13,555 | 1,725 | 31,082 |
| NET CAPITAL EXPENDITURE | 11,830 | 13,164 | 1,334 | 26,019 |

Key highlights :

Net operating surplus of £9,425k is £2,941k favourable to budget. Statutory surplus for the period to 30 September is £6,701k, which is £2,997k favourable to budget. The key drivers of the variance include timing of grant income recognition for Nursery Avenue development and unbudgeted claim for Net Zero decarbonisation investment works.

- Net Rental income is £220k favourable to budget with YTD Void losses being £187k favourable to budget representing a 0.6% void loss rate compared to the budgeted rate of 1.45%.
- Grant income recognised in the year relates to 37 social rent units completed by September: 18 units Eastriggs and 19 units at Nursery Avenue. The YTD budget is £2,133k higher than budget due to earlier than expected completion of 19 units at Nursery Avenue (budgeted for completion in October).
- Other income is £612k favourable to budget driven by unbudgeted income recognised in August for the decarbonisation and renewable project of £537k, including Cavity Wall Insulation (CWI) and LCITP works.
- Total employee costs (direct and group services) are £12k favourable to budget, The overspend to budget in direct employee costs relates to the timing of expenses. The group services recharge is £20k favourable to budget and reflects WH-Glasgow's share of changes in Wheatley Solutions staff from the budgeted structure.
- ER/VR costs are £77k adverse to budget following the commitment of two members of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Total running costs (direct and group services) are £109k favourable to budget. Group recharges are £90k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, leading to the underspend against budget.
- Repair costs are £161k unfavourable to budget with higher than budgeted spend across responsive repairs which is £401k over budget. Increased responsive repairs is driven by increased man hours, higher material and subcontractor costs. Cyclical and compliance spend is £240k lower than budget.
- Demolition costs are £28k lower than budget relating to timing of works at Troqueer and Kelloholm. The £83k relates to buy back of final property at Lochside.

Gross interest payable of £2,724k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £11,830k is £1,334k lower than budget. The variance is driven by the lower level of spend in office premises.

- Total core investment spend of £8,151k is £502k lower than budget due to the deferral of boiler replacements to 2023/24 and kitchen programme, both budgeted to start in July. This is partly offset by increased spend on adaptations.
- New Build expenditure is £475k higher than budget driven by Curries Yard now on site (not part of 2022/23 budget) partly offset by deferral of Glenluce and Corsbie Rd. Capital investment income is £391k lower than budget and is linked to delays in planning permission at Glenluce.
- Other capital expenditure of £440k is £1,698k lower than budget. Other capital spend includes work on local touchdown hubs.

2h) Wheatley Developments Scotland

Wheatley Developments Scotland Limited

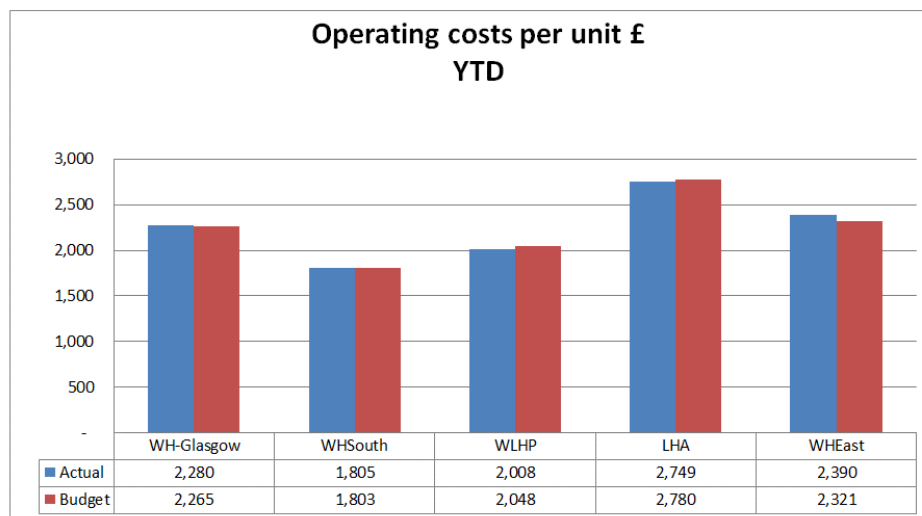
| | Year to 30 September 2022 | | | FY Budget £ks |
|--------------------------------------|---------------------------|-----------------|-----------------|------------------|
| | Actual £ks | Budget £ £ks | Variance £ks | |
| INCOME | | | | |
| Staff recharges | 1,159 | 1,090 | 69 | 2,181 |
| Design and Build recharges | 4,403 | 8,231 | (3,828) | 27,731 |
| Other Income | 1 | 36 | (35) | 72 |
| Total Income | 5,563 | 9,358 | (3,795) | 29,984 |
| EXPENDITURE | | | | |
| Staff Costs | 1,122 | 1,090 | (32) | 2,181 |
| Staff Expenses | 36 | 34 | (2) | 69 |
| Contractor Expenditure | 3,768 | 7,423 | 3,655 | 25,578 |
| New Build Professional Fees | 426 | 416 | (10) | 833 |
| Total Expenditure | 5,352 | 8,964 | 3,612 | 28,660 |
| | | | | |
| Statutory Surplus / (Deficit) | 210 | 394 | (184) | 1,324 |
| | | | | |

Key highlights – year to date:

Statutory Surplus of £210k is £184k unfavourable to budget. The main driver of this unfavourable variance relates to the timing of developments which impacts both income recharges and the contract/professional development fees expenditure.

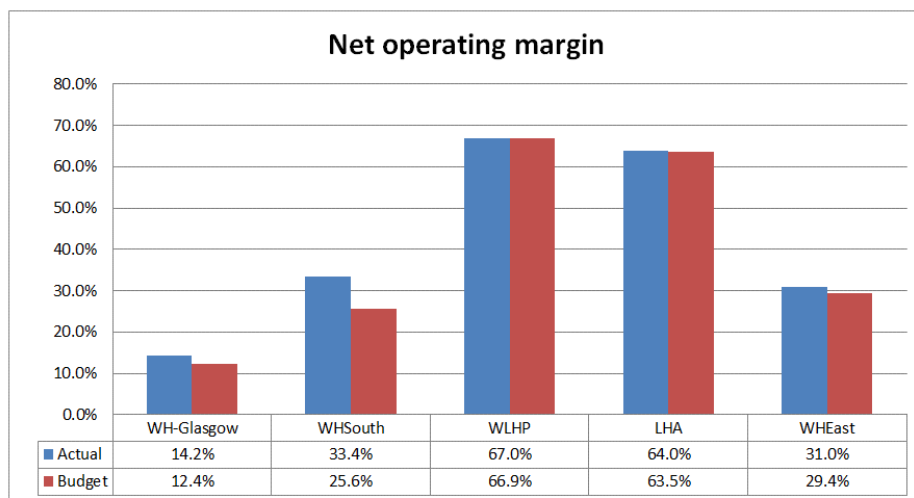
- WDS reports income of £5,563k, which is £3,795k lower than budget. This variance mainly relates to the Design and Build recharges, due to projects which have been delayed versus the original budget. For the period, the main developments invoiced are Eastriggs, Nursery Avenue, Curries Yard (all WH South), and WH East projects Westcraigs and Wallyford Area 5.
- Contractor expenditure and new build professional fees are fully recharged to the applicable RSL at a mark up of 5%.
- WDS reports expenditure of £5,352k. This is £3,612k lower than budget. Delays in the start of forecasted developments across the RSLs group, as noted above is the main driver of this variance.
- Staff expenses of £36k reported for the period, this relates mainly to mileage claims, and will be recharged across the RSLs based on the staff cost % split.
- WDS reports net assets of £991k at 30 September 2022.

3) Summary of RSL operating costs and margin v budget



Operating costs per unit:

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



Net operating margin:

- Net operating margin is favourable to budget across all the RSLs.
- 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 September 2022 (Period 6)

Care and Commercial

4a) Wheatley Care – Year to date

| WHEATLEY CARE - COMPANY | Year to 30 September 2022 | | | Full Year Budget £ks |
|----------------------------------|---------------------------|---------------|-----------------|----------------------------|
| | Actual £ks | Budget £ks | Variance £ks | |
| INCOME | | | | |
| Care Projects | 10,391 | 10,626 | (235) | 21,113 |
| COVID 19 PPE Reclaim Income | 29 | - | 29 | - |
| Head Office | 59 | 59 | - | 119 |
| TOTAL INCOME | 10,479 | 10,685 | (206) | 21,232 |
| CARE CONTRACT COSTS | | | | |
| Employee Costs - Care Contracts | 7,840 | 8,367 | 527 | 16,634 |
| Running Costs - Care Contracts | 1,276 | 1,203 | (73) | 2,396 |
| TOTAL CARE CONTRACT COSTS | 9,116 | 9,570 | 454 | 19,030 |
| EXPENDITURE | | | | |
| Employee Costs - Head Office | 632 | 644 | 12 | 1,288 |
| Employee Costs - Group Services | 92 | 93 | 1 | 186 |
| ER/VR | - | - | - | - |
| Head Office Running Costs | 133 | 103 | (30) | 206 |
| Running Costs - Group Services | 54 | 60 | 6 | 120 |
| Group recharges - PPE | 34 | - | (34) | - |
| Group recharges - IT | 32 | 32 | - | 63 |
| Management fee payable to LHA | 103 | 103 | - | 207 |
| TOTAL EXPENDITURE | 1,080 | 1,035 | (45) | 2,070 |
| SURPLUS/(DEFICIT) | 283 | 80 | 203 | 132 |

Key highlights to date:

- Net operating surplus of £283k is £203k favourable to budget for the period to September 2022. Total income is £206k adverse to budget but offset by lower than budgeted employee costs. Employee costs reflect the agreed cost of living increase with unions. Unbudgeted PPE costs of £34k are reported.
- Total **Care Project income** of £10,391k is £235k adverse to budget. In total, external services are £213k adverse to budget but there are notable variances for specific services within this:
 - Glasgow Mental Health, Glasgow SDS, West Lothian and Edinburgh SDS services are reporting adverse income to budget of £98k, £46k, £108k and £80k respectively. This is due to the nature of these SDS services with fewer hours being delivered against budget. In addition, Falkirk & Grangemouth Homelessness Tenancy Support Service is reporting income £25k adverse to budget; this service is based on client outcomes and therefore income can vary month on month.
 - Uplifts were announced to cover the payment of £10.50/hr to living wage staff from 1 April, and the budget reflects this income uplift for all applicable services. Confirmation of uplift has been received from local authorities and applied to income, with the exception of Falkirk Homelessness services. We are awaiting confirmation that this service will receive an uplift from the local authority and have not accrued the uplift in order to be prudent.
- **Employee Costs – Care Contracts** expenditure of £7,840k is £527k 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. Glasgow, West Lothian & TSS services are the main contributors to the year to date underspend with favourable variances against budget of £132k, £93k & £184k respectively.
- Employee costs for the year to date reflect the higher than budgeted wage uplifts that have now been agreed with the unions.
- **Running Costs – Care Contract** costs of £1,276k are £73k adverse to budget. Included within this are higher than budgeted costs for utilities, cleaning and telephone costs.
- **Employee Costs – Head Office** expenditure of £632k is £12k favourable to budget linked to vacancies against the budgeted structure.
- **Head Office Running Costs** of £133k are £30k adverse to budget and include £22k of unbudgeted consultancy costs for a review of the Alertacall system.
- **Group recharges – PPE** unbudgeted costs total £34k. Claims have been submitted to local authorities and the position will remain under review.

4b) Lowther – Year to date [redacted]

Lowther ➤

5) Wheatley Solutions – Year to date

| | Sept 2022 | | | Full Year |
|--------------------------------|---------------|---------------|--------------|---------------|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| EXPENDITURE | | | | |
| <u>Employee costs</u> | | | | |
| Executive Team | 749 | 721 | (29) | 1,438 |
| Employee Relations and WFP | 1,074 | 1,060 | (14) | 2,114 |
| Marketing and Communications | 360 | 375 | 15 | 747 |
| Assurance | 330 | 324 | (6) | 647 |
| Academy | 263 | 301 | 38 | 601 |
| Finance | 1,775 | 1,771 | (4) | 3,532 |
| Company Secretary | 437 | 490 | 53 | 978 |
| Information Technology | 718 | 761 | 43 | 1,517 |
| Litigation | 381 | 410 | 29 | 818 |
| Customer First Centre | 4,079 | 4,160 | 81 | 8,251 |
| Property | 500 | 435 | (65) | 868 |
| Wheatley 360 | 169 | 193 | 25 | 386 |
| Total employee costs | 10,773 | 10,940 | 167 | 21,772 |
| <u>Running costs</u> | | | | |
| Executive Team | 27 | 133 | 106 | 265 |
| Employee Relations and WFP | 391 | 510 | 119 | 1,019 |
| Marketing and Communications | 141 | 206 | 65 | 412 |
| Assurance | 37 | 43 | 6 | 86 |
| Academy | 185 | 287 | 102 | 573 |
| Finance | 473 | 427 | (46) | 854 |
| Company Secretary | 313 | 417 | 104 | 833 |
| Information Technology | 3,064 | 3,130 | 66 | 6,337 |
| Litigation | 80 | 167 | 87 | 334 |
| Customer First Centre | 185 | 171 | (14) | 343 |
| Property | 707 | 835 | 128 | 1,670 |
| Wheatley 360 | 13 | 10 | (4) | 20 |
| Total running costs | 6,189 | 6,908 | 719 | 13,862 |
| Regulated insurance activities | 1,724 | 1,721 | (4) | 3,522 |
| Head office costs | 894 | 894 | 0 | 1,789 |
| TOTAL EXPENDITURE | 19,581 | 20,463 | 882 | 40,945 |

Key highlights year to date:

The table presents the financial performance of Wheatley Solutions for the first half 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 £6,189k. This is £719k lower than budget for the period with lower running costs being the key reason for this variance.

- Employee costs of £10,773k are £167k favourable to budget for the year to date.
 - A number of departments are lower than budget as they are currently in the process of filling budgeted vacancies (e.g. Company Secretary, IT, Litigation).
 - The Customer First Centre reports spend that is £81k lower than budget as a lower number of staff joined the pension scheme than assumed in budget.
 - Executive Team cost are higher during the current transition period.
- Running costs of £6,189k are favourable to budget by £719k for the period. The key variances within this are:
 - A number of the departments report lower costs across Wheatley Solutions. Reduced activity in Academy, Company Secretary (customer consultation) and Employee Relations (lower health and wellbeing claims) are the areas contributing most to the favourable variance against budget.
 - Savings are also reported against Property and these relate to running cost savings as a result of the new operating model. As a result of Wheatley House being upgraded, there has been reduced planned maintenance costs for the first 6 months as well as a new office cleaning contract being awarded which is delivering efficiencies.
 - Finance reports spend that is higher than budget by £46k linked to recruitment fees for vacant budgeted roles and an external review of current finance systems to ensure best fit.
- Regulated insurance activities are slightly better than budget for the year to date with higher income being the reason for higher premium costs.
- Due to lower than budgeted expenditure, the income received from subsidiaries is less than budgeted for the year to date.

6) Wheatley Foundation – Year to date

| | Sept 2022 | | | Full Year |
|--|--------------|--------------|--------------|--------------|
| | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
| INCOME | | | | |
| Donations from Wheatley subsidiaries | 2,003 | 2,003 | 0 | 4,118 |
| External income | 396 | 660 | (264) | 1,558 |
| TOTAL INCOME | 2,399 | 2,664 | (264) | 5,676 |
| EXPENDITURE | | | | |
| Overheads | 581 | 608 | 27 | 1,220 |
| Tackling Poverty & Social Inclusion | 112 | 35 | (77) | 72 |
| Education | 0 | 0 | 0 | 65 |
| Digital Inclusion | 0 | 0 | 0 | 66 |
| Employability | 157 | 241 | 84 | 533 |
| Sports / Arts | 0 | 0 | 0 | 21 |
| Money/Welfare Benefits advice | 944 | 944 | 0 | 1,818 |
| Here For You Fund | 781 | 960 | 179 | 1,970 |
| TOTAL EXPENDITURE | 2,574 | 2,788 | 214 | 5,765 |
| NET OPERATING SURPLUS / (DEFICIT) | (175) | (125) | (50) | (89) |

Key highlights to date:

The table presents the financial performance of Wheatley Foundation for the first half of the 2022/23 financial year. The Wheatley Foundation reports a deficit of £175k for the period. This is adverse to than budget by £50k and results in a closing reserve of £1,823k.

Income of £2,399k is reported which is £264k lower than budget.

- Donations from Wheatley Group subsidiaries total £2,003k and are in line with budget.
- External income of £396k is £264k lower than budget. This is due to delays in receipt of community benefit donations from new build schemes linked to the timing of schemes on site.

Expenditure of £2,574k incurred to date is £214k lower than budgeted.

- Overhead costs of £581k are £27k favourable to budget due to lower than budgeted team running costs and lower Wheatley Solutions recharges.
- The **Here For You Fund** is made up of £1,970k of existing Foundation budgets. Additional unbudgeted donations of £3,500k will be made to the Foundation in the second half of the year by the RSLs, which when taken with RSL Think Yes budgets will provide for the £6m funding announced. The main project spend for the period year to date relates to:
 - Helping Hand Fund spend of £334k against a YTD budget of £347k.
 - Home Comforts spend of £72k against YTD budget of £112k.
 - Eat Well spend of £137k which is £35k higher than budget. This spend to date does include some advance purchases of vouchers as the team holds around £20k in stock.
 - Customer bursary expenditure of £44k against a YTD budget of £50k.
- Tackling Poverty & Social Inclusion spend of £112k is reported against a budget of £35k, which is £77k higher than budget. The main reason for this are emergency fuel top ups to the value of £58k. This is unbudgeted spend as it is funded by GCC grant.
- Employability expenditure of £157k is £84k lower than budget, with lower modern apprenticeship costs being the driver for the variance. The main item of expenditure for the period relates to £150k for the ESF Way Ahead programme.
- The Money Advice team costs of £944k 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 the Digital Inclusion themes report no spend to date in line with budget phasing.

7) City Building (Glasgow) LLP – [redacted]

8) Wheatley Group – Consolidated Balance Sheet

| | As at 30 September 2022 £ks | As at 31 March 2022 £ks |
|---------------------------------------|-----------------------------------|-------------------------------|
| Fixed Assets | | |
| Social Housing Properties | 2,510,154 | 2,496,586 |
| Investment properties | 263,502 | 262,635 |
| Other tangible fixed assets | 70,075 | 63,053 |
| Investments -other | 116 | 116 |
| Fixed Assets | 2,843,847 | 2,822,390 |
| Debtors Due More Than One Year | | |
| Inter Company Loan | 0 | 0 |
| Pension Asset | 58,166 | 58,166 |
| Current Assets | | |
| Stock | 1,494 | 1,412 |
| Trade debtors | 1,149 | 1,848 |
| Rent & Service charge arrears | 25,749 | 28,883 |
| less: Provision for rent arrears | (13,922) | (12,517) |
| Prepayments and accrued income | 11,129 | 5,176 |
| Intercompany debtors | 0 | 0 |
| Other debtors | 29,459 | 32,200 |
| | 55,058 | 57,002 |
| Bank & Cash | 36,787 | 64,724 |
| Current Assets | 91,845 | 121,726 |
| Current Liabilities | | |
| Trade Liabilities | (4,787) | (15,056) |
| Accruals | (62,791) | (60,082) |
| Deferred income | (42,387) | (60,580) |
| Rents & service charges in advance | (15,627) | (14,785) |
| Intercompany creditors | (0) | (0) |
| Other creditors | (15,335) | (20,724) |
| | (140,927) | (171,227) |
| Net Current Assets | (49,082) | (49,501) |
| Long Term Liabilities | | |
| Contingent efficiencies grant | (46,764) | (46,764) |
| Bank finance | (1,210,963) | (1,210,196) |
| Bond finance | (300,000) | (300,000) |
| Provisions | (9,074) | (9,070) |
| Deferred income | (31,714) | (31,543) |
| Intercompany creditors | 0 | 0 |
| Pension liability | (388) | (388) |
| Long Term Liabilities | (1,598,903) | (1,597,961) |
| Net Assets | 1,254,028 | 1,233,094 |
| Funding Employed | | |
| Capital & Reserves | | |
| Share Capital | 0 | 0 |
| Retained Income b/fwd | 755,777 | 670,828 |
| Income & Expenditure | 20,909 | 84,924 |
| Revaluation Reserves | 477,342 | 477,342 |
| Funding Employed | 1,254,028 | 1,233,094 |

Key highlights:

- Group net assets are £1,254.0m at 30 September 2022.
- The Balance Sheet as at 31 March 2022 is in line with the audited 2021/22 financial statements, and includes the year end statutory adjustments for property and pension valuations as well as the fair value calculation on the Scottish Government loan.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date.
- Current assets (excluding cash) are £2.1m 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. This is offset by an increase in prepayments in Solutions relating to annual support contracts for IT software. These are paid up front and then released as a charge to the operating statement across the financial year.
- Current liabilities are £30.3m lower than the year end position, with a reduction in trade creditors in WH South and a reduction in deferred income following the recognition of new build grants on completion of units.
- Income and expenditure of £20.9m relates to the group surplus for the year to date.

10) Wheatley Group – Q2 Forecast

| | FULL YEAR | | |
|-------------------------------------|----------------|------------------|------------------|
| | Budget £000 | Forecast £000 | Variance £000 |
| INCOME | | | |
| Net Rental Income | 312,908 | 314,130 | 1,222 |
| Grant Income | 40,539 | 53,641 | 13,102 |
| Other Income | 42,270 | 46,480 | 4,209 |
| Total Group Income | 395,717 | 414,251 | 18,533 |
| EXPENDITURE | | | |
| Employee Costs | 90,056 | 89,398 | 658 |
| ER/VR | 5,149 | 4,149 | 1,000 |
| Running Costs | 46,239 | 48,875 | (2,636) |
| Repairs & Maintenance | 64,096 | 68,424 | (4,328) |
| Bad debts | 6,127 | 4,502 | 1,625 |
| Depreciation | 109,624 | 109,624 | - |
| Demolition | 2,205 | 2,205 | - |
| Total Group Expenditure | 323,495 | 327,177 | (3,681) |
| NET OPERATING SURPLUS | 72,222 | 87,074 | 14,852 |
| Net operating margin | 18.3% | 21.0% | 2.8% |
| Gain/(loss) on sale of fixed assets | - | - | - |
| Net Interest Payable | (65,511) | (65,511) | - |
| STATUTORY SURPLUS | 6,711 | 21,563 | 14,852 |
| INVESTMENT | FULL YEAR | | |
| | Budget £000 | Forecast £000 | Variance £000 |
| Total Capital Investment Income | (53,452) | (53,086) | (366) |
| Core Investment Programme | 73,406 | 75,385 | (1,979) |
| New Build Programme | 96,789 | 90,243 | 6,546 |
| Other fixed assets | 17,146 | 15,796 | 1,350 |
| NET CAPITAL INVESTMENT SPEND | 133,889 | 128,338 | 5,551 |

Key highlights:

The Group forecast full year out-turn at the end of Quarter 2 shows a net operating surplus of £87.1m, which is £14.9m favourable to budget and a statutory surplus of £21.6m, which is £14.9m favourable to budget.

Forecast adjusted EBITDA after excluding grant income on new build completions of £143.1m is £1.8m favourable to budget. The forecast includes provision for the new £6m Here for You Fund and makes a higher provision for reactive repairs, void works to our homes, adaptations and capitalised repairs whilst ensuring the overall forecast spend for repairs and core programme works is managed within the approved budget.

Total income is forecast to be £18,533k higher than budget:

- Net rental income is expected to be £1,222k favourable to budget and includes the reprofiled new build completions and lower rent loss on voids with the forecast reflecting a continuation of the favourable performance at September with an average rate of 1.28% forecast for the year.
- Grant income is expected to be £13,102k favourable to budget. The forecast is based on the updated profile for delayed 2021/22 completions now competing in 2022/23 and for 2022/23 completions.
- Other income is forecast to be £4,209k favourable to budget. Net zero matched grant funding and further awards for the decarbonisation project in WH South of £5.8m has been recognised offset by lower levels of factoring income in Lowther (also lower factoring costs included in repairs and maintenance), lower district heating income in WH Glasgow and lower levels of income forecast in Wheatley Care based on service hours delivered.

Total expenditure is expected to be £3,681k higher than budget.

- Employee costs are £658k lower reflecting savings reported in the year to date primarily in Wheatley Care. ERVR costs are £1,000k lower than budget reflecting the profile of staff savings in 2022/23.
- Running costs are expected to be £2,636k unfavourable to budget after making an additional £3.5m provision for the Here for You fund on top of the budgeted £2.5m to support customers through the cost of living crisis. Also forecast in this line are running cost savings in group recharges where a number of departments are forecast to have lower costs across Wheatley Solutions.
- Repairs and maintenance costs are forecast to be £4,328k higher than budget, and includes an additional provision of £5.0m across the RSLs to help meet expected higher levels of demand. The additional provision has been offset in part by lower factoring costs in Lowther as noted in other Income above.
- Bad debts are forecast to be £1,625k lower than budget with the forecast reflecting the favourable performance at September. The forecast retains provision for bad debt cost of £4.5m compared to actual bad debt costs for 2021/22 of £2.9m.
- Interest payments are forecast to be in line with budget. Interest savings from lower actual short term floating rates in the first six months than the budgeted 2.25% rate is offset by the forecast increase to 4.5% in response to market anticipation that short term rates will increase substantially in the next few months.

Net capital expenditure is forecast to be £5,551k lower than budget.

- The level of claims of new build grant projected for the year has been reprofiled to match with the most recent new build forecast and has reduced by £366k.
- The core investment programme is £1,979k higher than budget and includes an additional £5.1m Net zero investment projects fully funded by Scottish Government. Additional provision has also been made in the RSLs for higher than budgeted adaptations, capitalised voids and capitalised repairs. With the increase in fully funded net zero works in the programme this year an element of programmed investment works have been deferred to 2022/23.
- The new build development spend is expected to be £6,546k lower than budget. Spend levels are forecast to be lower across a number of sites with later approvals at Calton Village (WHGlasgow), Shawbridge Arcade (WH Glasgow), Maddiston (LHA), Penicuik (DC), Rowanbank (DC) and Ashgill Road (Lowther).
- Other fixed assets is expected to be £1,350k lower than budget following a reprofiling of the IT capital budget.

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Treasury update

Date of Meeting: 26 October 2022

1. Purpose

- 1.1 This report provides the Board with a quarterly update on the liquidity position, cashflow forecasts and covenant returns to the Group's lenders.
- 1.2 Additionally, the paper sets out a proposal to restructure some of our existing fixed rate loan arrangements to deliver short-term cashflow savings.

2. Authorising and strategic context

- 2.1 Under the Group standing orders the Group Board is responsible approval of the Group's funding structure and the Group Business Plan (including borrowings) and any material variations and amendments thereafter.
- 2.2 Under the terms of the Intra-Group Agreement between the Wheatley Group and its RSL subsidiaries, as well as the Group Authorise, Manage, Monitor Matrix, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

3. Background

- 3.1 We did not make any external drawdowns during Q2, funding all activity from cash reserves. We anticipate making a drawdown of £5m by the end of Q3.
- 3.2 Covenants for our WFL1 and WFL2 facilities remain covenant compliant for Q2 (as at 30 September 2022). The covenants reported include Wheatley Homes South and Wheatley Developments Scotland following their admittance to the RSL borrower Group on 1 April 2022 and in line with the Q1 covenant submission.
- 3.3 The transfer of the assets and business of West Lothian Housing Partnership to Dunedin Canmore Housing successfully completed on 5 September 2022 and WLHP ceased to be a Guarantor under the WFL1 loan arrangements from the same date.

- 3.4 The recent volatility in interest rate markets has created the potential to restructure some of our legacy fixed rate loan arrangements at nil upfront cost, reducing the short-term interest servicing cost. This paper sets out how this would work in the event market conditions permit.

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.

[redacted]

- 4.3 Immediately available WFL1 facilities (RCFs and overdrafts) total £285.7m. These remain undrawn at this time with operating expenditure met by cash surplus and reserves. No external drawdowns were required during the second quarter of the financial year. The WFL2 term loan from Scottish Widows is fully drawn. Lowther Homes has access to a £15m intra-group loan from Wheatley Homes Glasgow to fund its development programme. To date, this loan remains undrawn.
- 4.4 We expect to draw £5m of external funding towards the end of Q3 from our WFL1 RCFs. Cash outflows during the quarter include £[redacted] semi-annual bond interest, £[redacted] interest to EIB and Syndicate and we anticipate increased activity in the development programme during the quarter.
- 4.5 Thereafter, we anticipate that the larger capital repayments, scheduled for 31 March 2023 to the Syndicate (£[redacted]) and to EIB (£[redacted]), will require an additional drawdown towards the end of Q4.

ii. Covenant position across WFL1, WFL2, DGHP

- 4.6 The appended treasury pack sets out the covenants for WFL1 and WFL2 to 30 September 2022. These will be submitted to the respective lenders in line with our loan agreements. WFL1 and WFL2 remain covenant compliant.

iii. Restructure of Fixed Rate Loan arrangements (Syndicate)

- 4.7 The Bank of England raised interest rates by 0.50% to 2.25% at their last monetary policy committee meeting on 22 September in the context of market expectations of additional rises to come. Since then we have seen expectations for short-term rates (SONIA) increase materially as a result with the most recent expectation of rates peaking around 4.25% - 4.50% by the end of the 2022/23 financial year.
- 4.8 The vast majority (88.4%) of our WFL1 facilities are subject to fixed rates. Historically these have been higher than longer term interest rate projections, however with the outlook on future rates now higher an opportunity has opened up to restructure certain elements of these arrangements. This would allow us to reduced the fixed rate by extending the term of these arrangements over a

longer period and would provide immediate interest rate savings. The current market view on future rates means there would be no upfront cost linked to this kind of restructuring.

4.9 We are actively exploring options with our syndicate lenders, and the terms of an offer we are able to secure with our lenders will require to be acted upon quickly. Any restructure of the existing fixed rate loan agreements would require to meet the following conditions and be in line with our recently updated Treasury Management Policy:

- Any change in the fixed rate must deliver short-term cashflow improvements for 2023/24 and 2024/25
- Any extension to the fixed rate term must deliver a rate which is below the assumed cost of funds for variable rate funding as set out in the business plan (5.0% excluding lending margin)
- No fixed rate hedging extension to run beyond March 2038 given our two-year Liquidity Golden Rule (our Syndicate facilities expire in March 2040)
- No upfront cost; any bank fees or credit charges to be embedded into the new fixed rate
- Be for fixed rate loans included in Syndicate A or B with RBS or BoS
- Any trade execution to be benchmarked by our Treasury advisors, Chatham Financial to ensure we have full transparency on rates, fees and charges

4.10 Appendix 2 sets out a worked example of the type of restructure we have explored with RBS which meets the criteria in paragraph 4.10 above.

4.11 We request a delegation of authority to the Group Chief Executive or Group Director of Finance to restructure the fixed rate loan agreements in the event market conditions allow and all the above criteria are met.

5. Customer Engagement

5.1 Not directly applicable as not related to customer service.

6. Environmental and sustainability implications

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

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

7. Digital transformation alignment

7.1 No direct impact on the digital transformation programme.

8. Financial and value for money implications

8.1 None.

9. Legal, regulatory and charitable implications

9.1 None.

10. Risk Appetite and assessment

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

10.2 Our current liquidity risk is low given the recent refinancing with Barclays and the Syndicate.

11. Equalities implications

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

12. Key issues and conclusions

12.1 Our liquidity position remains strong with no external funding drawn to date in first half of the financial year. We anticipate the first external drawdown of funds to happen in Q3, with the amount dependant on the speed of delivery of the major new build projects. We are covenant compliant across the WFL1 and WFL2 facilities.

12.3 Current financial market conditions may provide us with the opportunity to restructure existing fixed rate agreements to reduce the rate and make changes to the term and amount subject to that hedge for nil upfront cost. We anticipate making some changes to our fixed rate loans should pricing allow, subject to the criteria set out in paragraph 4.10.

13. Recommendations

13.1 The Board is requested to:

- 1) Note the Group's liquidity position as at 30 September 2022;
- 2) Note the Group's covenant compliance as at 30 September 2022; and
- 3) Approve a delegation of authority to the Group Chief Executive and/or the Group Director of Finance to restructure the fixed rate loan agreements in line with the criteria set out in paragraph 4.10.

LIST OF APPENDICES

Appendix 1: Treasury pack [redacted]

Appendix 2: Briefing note on fixed rate loan restructure proposal [redacted]

Report

To: Wheatley Housing Group Board

By: Anthony Alison, Group Director of Business Solutions and Governance

Approved by: Steven Henderson, Group Chief Executive

Subject: Wheatley Group Legal and Associated Services Framework

Date of Meeting: 26 October 2022

1. Purpose

- 1.1 The purpose of this report is to seek approval to award a new multi-lot framework for the provision of Legal and Associated Services for a contracted period of up to four years to a value of approximately £3.6 million.

2. Authorising and strategic context

- 2.1 Under the Scheme of Financial Delegation, within the Group Standing Orders, approval of revenue contracts over £1 million is reserved to the Group Board.
- 2.2 Based on a review of the historic use of external legal support and projected future requirements it is projected that spend over the four-year duration of the framework agreement will be about £3.6 million (excluding VAT). VAT was excluded as variable rates apply.

3. Background

- 3.1 We currently contract with several firms through a 6-lot framework agreement to access Legal and Associated Services as follows:

| Lot | Appointed Suppliers |
|--|--|
| Lot 1 – Commercial Contracts | <ul style="list-style-type: none">▪ Brodies LLP▪ Harper MacLeod LLP▪ Shepherd & Wedderburn LLP |
| Lot 2 – Legal Governance & Charities | <ul style="list-style-type: none">▪ Brodies LLP▪ Harper MacLeod LLP▪ Thorntons Law LLP |
| Lot 3 – Legal Employment & General Civil Litigation | <ul style="list-style-type: none">▪ Brodies LLP▪ Burness Paull LLP▪ Morton Fraser LLP |
| Lot 4 – Financing | <ul style="list-style-type: none">▪ Brodies LLP▪ Harper Macleod LLP▪ Pinsent Masons LLP |
| Lot 5 – Sheriff Officers | <ul style="list-style-type: none">▪ George Walker & Co○ t/a Walker Love |
| Lot 6 - Property Searching & Reporting | <ul style="list-style-type: none">▪ Millar Bryce Limited |

- 3.2 Feedback on the current framework, that is due to end on 30th November, highlighted the requirement to split the Sheriff Officers lot into regional lines to ensure adequate coverage. One of the Sheriff Officer Lots (5a) will cover the Central Scotland region while the second one (5b) covers the Dumfries and Galloway region.
- 3.3 Following an analysis of our requirements and the legal services market, it was determined that the optimal route for procurement would be through a competitively tendered framework agreement. The competitive process allows us to ensure we receive value for money and a framework is necessary as no single supplier would be unable to satisfy all our requirements.
- 3.4 A range of options for procurement of these services were identified and assessed:
- Option 1 – do nothing
 - Option 2 – procure a new, bespoke framework agreement
 - Option 3 – utilise an existing framework agreement
 - Option 4 – utilise existing Dynamic Purchasing Supply Agreements
- 3.5 Following a review of the identified options, it was agreed that undertaking a regulated above-threshold procurement process to secure a new bespoke framework was the preferred route to market. This allowed us to ensure full control on the design of a framework which reflected our future needs.

4. Discussion

- 4.1 We procure a number of suitably qualified and experienced legal services providers to supplement our internal resources. This gives us an appropriate mix of internal capacity where there is a constant flow of activity eg core housing law activities such as ASB and the ability to draw down more specialist expertise as and when required.
- 4.2 The lotting strategy reflected the range of services and expertise required and were structured in lots, as set out below, to maximise value for money:
- Lot 1: Commercial Contracts
 - Lot 2: Legal Governance & Charities
 - Lot 3: Legal Employment & General Civil Litigation
 - Lot 4: Financing
 - Lot 5a: Sheriff Officers – Central Scotland Region
 - Lot 5b: Sheriff Officers – Dumfries and Galloway Region
 - Lot 6: Property Searching & Reporting
- Further detail on the types of activities covered in each lot is set out in more detail at Appendix 1.
- 4.3 We received strong interest in the tender, which increased competition and our ability to drive value for money and quality. A total of 31 submissions from 15 individual suppliers across 6 of the 7 lots as follows:

| Lot | Description | Tenders Received | Number of Slots on the Framework | Projected Spend per Lot over 4 Years |
|---------------|---|------------------|----------------------------------|--------------------------------------|
| Lot 1 | Commercial Contracts | 8 | 3 | £600,000 |
| Lot 2 | Legal Governance & Charities | 5 | 3 | £380,000 |
| Lot 3 | Legal Employment & General Civil Litigation | 6 | 3 | £320,000 |
| Lot 4 | Financing | 5 | 3 | £1,200,000 |
| Lot 5a | Sheriff Officers - Central Scotland Region | 4 | 1 | £800,000 |
| Lot 5b | Sheriff Officers – Dumfries and Galloway Region | 3 | 1 | £160,000 |

4.4 No submission was received for Lot 6 – Property Searching. This will now be procured through an existing national framework and we are confident that an appropriate supplier will be identified prior to the existing contract expiring.

4.5 Following the initial financial and compliance checks of the Single Procurement Document responses, all submissions were taken forward for evaluation of Quality and Commercial responses. A summary of the price and quality evaluation criteria applied to each lot has been outlined below.

4.6 Framework Lots 1, 2, 3, and 4

Quality – 70%

4.6.1 The quality evaluation was based on weighted scoring questions for all lots and a presentation and interview session. Following completion of the quality evaluation, bidders that exceeded the minimum threshold of 50% were subjected to commercial evaluation.

Price – 30%

4.6.2 Bidders for lots 1 - 4 were required to provide hourly rates for six specific disciplines.

4.7 Framework Lots 5a, and 5b

Quality – 100%

4.7.1 The quality evaluation was based on weighted scoring questions. Lots 5a and 5b was evaluated on quality only as prices for Sheriff Officer Services are prescribed under the Act of Sederunt and cannot be influenced or amended through procurement.

5. Customer Engagement

5.1 Engagement with customers was not directly applicable to the procurement exercise at this stage, which follows a formal legal process. However, as part of the framework award all contracted providers have committed to work with our Community Benefits team to deliver on real economic and social benefits for our customers and communities during the lifecycle of the framework agreement, subject to set spend thresholds.

- 5.2 The delivery of this will be monitored by the Foundation and appointed Lot Leads in liaison with the providers named delivery manager as part of the framework Key Performance Indicators. Community Benefits that may be secured include but not limited to:
- Educational support (including career development workshops, and training/support for unemployed persons);
 - Employment opportunities (including graduate positions, apprenticeships, and work experience placements);
 - Donations to the Wheatley Foundation, community events and charitable organisations supported by the Group;
 - Voluntary support for community enhancement projects; and
 - Advocacy support for customers
- 5.3 The delivery of our Community Benefits can be integrated to our wider customer engagement, such as the donations for community events, linking commitments to priorities identified by customers during engagement activity and raising awareness of the opportunities more widely during engagement.
- 6. Environmental and sustainability implications**
- 6.1 This framework does not have significant environmental and sustainability implications. However, the providers have committed to working practices that align with our Sustainable Procurement Policy, such as reducing paper usage, and substituting in person meetings with online alternatives where practicable.
- 7. Digital transformation alignment**
- 7.1 There are no implications to digital transformation alignment for this framework. However, the service providers have pledged to utilise relevant information technology tools to ensure efficient service delivery, communication, back-up/archiving, and data security.
- 8. Financial and value for money implications**
- 8.1 The rates submitted by providers are fixed for the duration of the framework agreement. This process has been focused on delivering value and providing certainty for future costs.
- 8.2 The value of spend through the new framework agreement will be directly influenced by the volume of call-off appointments made. Expenditure will be closely monitored throughout the duration of the contract to ensure that spend does not exceed the agreed budget for respective lots.
- 8.4 The service providers have committed to providing access to value-add activities, including set free initial consultation minutes, trainings, and Continuous Professional Development (CPD) for the Group's board members and staff. This will reduce the requirement for additional spend in these areas.
- 9. Legal, regulatory and charitable implications**
- 9.1 Setting up of the framework was subject to a regulated over-threshold procurement process.

- 9.2 Equifax finance checks have been conducted to ensure that there are no current concerns relating to the financial standing of any provider proposed for appointment to the framework.

10. Risk Appetite and assessment

- 10.1 Our risk appetite in respect of laws and regulations is averse, i.e. avoidance of risk and uncertainty is a key organisational objective. The procurement of this framework has been conducted in line with all legislative and regulatory requirements.
- 10.2 The risk of challenge is considered low on the basis that we have followed standard, well established processes for procurements of this scale.

11. Equalities implications

- 11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1 The current contract is due to expire at the end of November 2022. Following an analysis of our future requirements having access to external legal expertise remains necessary.
- 12.2 The ability to access external expertise gives us greater flexibility to respond to our priorities over the life of the framework, whilst ensuring we are not committed to any financial expenditure such as recruiting internal capacity.

13. Recommendations

- 13.1 The Board is asked to:
- 1) approve the award of a Group-wide framework agreement for the provision of Legal and Associated Services for a framework period of up to four years to the value of £3.6 million to the following providers:

Lot 1: Commercial Contracts

- Brodies LLP
- Morton Fraser LLP
- Shepherd and Wedderburn LLP

Lot 2: Legal Governance and Charities

- Brodies LLP
- Harper Macleod LLP
- Thorntons Law LLP

Lot 3: Legal Employment and General Civil Litigation

- Brodies LLP
- Thorntons Law LLP
- Burness Paul LLP

Lot 4: Financing

- Brodies LLP
- Harper Macleod LLP
- Pinsent Masons LLP

Lot 5a: Sheriff Officers – Central Scotland Region

- George Walker & Co t/a Walker Love

Lot 5b: Sheriff Officers – Dumfries and Galloway Region

- Stirling Park LLP

- 2) Note the framework agreement will commence on the 1st of December 2022 for a period of three years, with an optional 12-month extension period available to be taken at the sole discretion of the Wheatley Group.
- 3) delegate authority to the Director of Procurement to enter into contract agreements with the providers proposed for appointment to the framework.

Appendix 1 -Lot contents

Lot 1: Commercial Contracts

- Services will include, but not be limited to, the provision of support and legal advice relating to property, construction, environmental, IT, and procurement law, as well as associated litigations.

Lot 2: Legal Governance & Charities

- Services will include, but not be limited to, the provision of support and legal advice relating to governance and business structures, operating models, charities, acquisition of partners and related diligence.

Lot 3: Legal Employment & General Civil Litigation

- Services will include, but not be limited to, the provision of support and legal advice relating to employment and pension law and court litigation services.

Lot 4: Financing

- Services will include, but not be limited to, the provision of support and legal advice relating to bank and capital market funding, hedging arrangements, financial regulatory compliance, mergers, acquisitions, and disposals.

Lot 5a: Sheriff Officers – Central Scotland Region

- Services will include, but not be limited to, rent arrears recovery, general debt recovery, litigation to recover factoring debt, anti-social behaviour orders and evictions. Services will be rendered within the Central Scotland region.

Lot 5b: Sheriff Officers – Dumfries and Galloway Region

- Services will include, but not be limited to, rent arrears recovery, general debt recovery, litigation to recover factoring debt, anti-social behaviour orders and evictions. Services will be rendered within the Dumfries and Galloway region.

Lot 6: Property Searching & Reporting

- Services will include, but not be limited to, the provision of legal reports, property and land searches and certificates, coal mining reports and extracts/copies of title deeds.