WHEATLEY HOUSING GROUP LIMITED

BOARD MEETING

Wednesday 27 October 2021,
Academy, 8 New Mart Road, Edinburgh

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes of meeting of 7 October 2021 and matters arising
4. Group CEO Update

Main Business Items

5. RSL tenant consultation update
6. [redacted]
7. Strategic governance review and Annual Assurance Statement

Other Business Items

8. Finance report
9. Treasury update
10. Group Performance Report Quarter 2 2021/22
11. Revive (presentation)
12. Winter resilience planning
13. AOCB

Date of next meeting – Wednesday 15th December at 10.30am

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **RSL tenant consultation update**

Date of Meeting: **27 October 2021**

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1. Purpose

1.1 This report updates the Board on the consultation process with RSL customers on our proposed new operating and engagement models. In Glasgow, the consultation incorporates proposals for renaming the combined GHA/Cube as *Wheatley Homes Glasgow*.

1.2 The report also sets out the proposed next steps for the Board's approval.

2. Authorising and strategic context

2.1 Under the Group Authorise/Manage/Monitor Matrix, the Group Board has responsibility for determining the Group's structure and approving the overall Group and individual subsidiary strategies and business plans.

2.2 The approach to RSL tenant consultation was agreed by this Board, as well as our partner RSL Boards, in August.

2.3 The development of a new model of engagement is a key element of our new five-year strategy. At the same time, the creation of a single housing vehicle in the city of Glasgow creates a platform that will facilitate regeneration, increased investment and jobs in communities across the city.

3. Risk appetite and assessment

3.1 Our new operating and engagement model is covered by the 'operating model (modernising services etc)' category in the Group's risk appetite framework. Risk appetite in this area is ***"Hungry".*** This level of risk tolerance is defined as "eager to be innovative and choose options offering potentially higher business rewards (despite greater inherent business risk)".

3.2 By consulting tenants in detail on the proposals, we mitigate the risk that customers do not understand or support proposed changes. We can also ensure tenant feedback is taken account of in any decision to proceed to full implementation.

4. Background

4.1 In August, the Board agreed that we should consult RSL customers on a new model for how we operate and engage. The proposals reflect our experiences from the pandemic and what tenants have told us about how we should deliver services. The key elements are:

- A new *Customer First Centre* **–** We will launch a new and improved 24 hours a day, seven days a week centre which will resolve customer enquiries at the first point of contact. Up to 95% of customer queries will be resolved at the point of contact by basing housing experts in an expanded *Customer First Centre*. This will free up Housing Officers to spend more time in their patches and community to deal with complex cases, support the most vulnerable, and manage their estate.
- More services in your home – Housing Officers will spend more time in communities with a clear message that you do not need to come to us, we will come to you.
- Do more online - Improved online self-services will allow customers to do more for themselves at a time and place to suit them. Our new Customer First Centre will also allow more digital engagement with customers able to contact us online, for example using web chat.
- Centres of Excellence - If customers don't want to meet us at home, they can choose to meet us at a convenient location, including our network of Centres of Excellence. They will be available for customers to use the internet and for wider community activities and as learning centres.

4.2 Alongside the new operating model, it was agreed to consult tenants in each RSL on a new, enhanced approach to engagement that would see over 1500 tenants becoming involved in our decision-making on a recurring basis. This would increase the number and diversity of tenants involved in influencing how we work, through a wider variety of mechanisms. This is a key objective of the Group Engagement Framework, which the Board approved in December 2020.

4.3 In a Glasgow context, we also sought customer views on the proposals to rename GHA as Wheatley Homes Glasgow, following the Cube ballot earlier in the year.

5. Customer engagement

5.1 Under the Housing (Scotland) Act 2001, our RSLs had a statutory duty to formally consult all tenants given the significance of the new operating model and tenant participation strategy. A multi-channel approach to consultation was adopted, using a print booklet sent to all customers as well as phone and social media to promote the consultation and encourage customers to participate.

5.2 The consultation began on 16th August and will conclude this week. We asked two questions to customers of every RSL:

Q1: *Do you support plans to introduce a new way of working and of delivering services to benefit tenants and communities?*

Q2: *Do you believe the planned new way of engagement would make it more open and accessible for tenants to get involved and have their say?*

In Glasgow, we asked GHA tenants a third question:

Q3: *Do you support changing GHA's name to 'Wheatley Homes Glasgow' to better reflect our tenants and communities in Glasgow?*

5.3 Customers were able to send responses by post, email, phone, in person to housing staff or via the Independent Tenant Advisor, the Tenant Participation Advisory Service ("TPAS") Scotland. TPAS were available to provide advice and support to all tenants on demand throughout the duration of the consultation. The feedback from TPAS is summarised below:

5.4 15 GHA tenants contacted TPAS Scotland through a combination of Facebook, email & freephone number and were called back. Two respondents provided feedback on the form itself and how this could be made more accessible and welcomed the ability to feedback independently to TPAS.

5.5 The majority of the issues raised with TPAS were not around the consultation, which is not uncommon and consistent with the form returns. A number of tenants indicated they were keen to have more detail on how we will populate the engagement structures and ensure that the process is open to people with a range of views on service delivery.

5.6 TPAS confirmed that the majority of tenants they spoke to raised personal service issues, which we will follow up directly. 6 respondents had reservations over the closure of local offices on the basis they were previously used to discuss confidential business. We can reassure such tenants that the local hubs will continue to have facilities to hold such discussions.

6. Discussion

<u>Summary of responses to date</u>

6.1 We have had a huge and overwhelmingly positive response to the consultation proposals. With a few days still to go, we have received over 5,000 responses from tenants of all our RSL partner organisations.

6.2 The results up to the 20th October are set out below. A final update on the numbers will be provided at the Board, but we do not expect these to change materially:

RSL	Responses	Q1	Q2	Q3
GHA	3103	88%	86%	73%
DGHP	1099	94%	92%	
DCH	466	94%	92%	
LHA	264	97%	92%	
WLHP	94	98%	97%	
TOTAL	**5026**			

6.3 The first question, on our operating model, attracted the highest scores for all RSLs. Common themes in tenant comments included strong support for the idea of housing officers spending more time in their communities and development of enhanced phone and online services. Some responses highlighted the need to provide services in an accessible way for those who do not have, or struggle with, online services. As the Board has previously discussed, this is an important part of our strategy and we will continue to ensure that no-one is left behind as we introduce improved digital services.

6.4 The GHA consultation put forward plans for four community hubs where tenants can visit our staff in person and hold community activities. This is a change from the current network of traditional housing offices in the city. This did not attract significant comment from respondents, with the majority focusing instead on accessibility of services in person (eg from the housing officer in the community) or over the phone/online.

6.5 The second question, on our engagement approach, also received very strong support across all RSLs. Tenant comments highlighted support for broadening the range of ways for tenants to have their say, without this always having to be at in-person meetings.

Wheatley Homes Glasgow

6.6 Given the strong track record of achievements by GHA, and positive associations the name holds for many tenants (especially those who have been involved in local community governance structures), it is not surprising that the name change proposal in Glasgow attracted slightly lower levels of support. However, the view of tenants was still clearly in favour, with three-quarters of respondents expressing support.

6.7 This expression of tenant support for the next phase of change in Glasgow is highly significant. Put in context, in 2009, GHA was a troubled temporary stock transfer vehicle. Regulatory involvement had been required in the light of broken stakeholder relationships, lack of clear strategic direction and a consistent failure to deliver on promises. It had over 60 disparate local housing offices, each with a different culture and set of management arrangements. The progress since then has been transformational; from successful completion of second-stage transfer in 2011, to giving birth to the Wheatley Group in 2012, to Scotland's first social housing bond issue in 2014, to EFQM Global Excellence Award winner in 2017. The standard of housing in the city – and its skyline – has changed beyond recognition in many communities, with tenants benefiting from investment in their homes and environments.

6.8 GHA's service model evolved during this journey. We built on the core elements put in place in 2009, such as the housing officer patch of 200 homes supported by a central call centre and strong neighbourhood environmental service model. We expanded the range of wraparound services to support tenants – including the tenancy support service (using in-house care expertise), community improvement partnership with police and fire service resources and specialist support for homeless customers.

6.9 The Wheatley Foundation works closely with GHA to support tenants into employment, training and with financial inclusion activity. GHA's repairs service improved with the City Building joint venture in 2017. Online services have been introduced, and staff have the technology to support customers in their homes.

6.10 If we move ahead with the proposals in the consultation, this will see the next evolution of our services and engagement approach. In Glasgow, the end of the name GHA, and associated Local Housing Office (LHO) structures, will mark the end of the last elements associated with the housing stock transfer process, nearly 20 years after it took place. With Cube tenants in Glasgow having joined with GHA to create a single Glasgow vehicle, the platform has now been established for an exciting next phase for housing in the city. As the GHA Chair said in the consultation booklet:

Now is the time to move forward with the opportunities that lie ahead – by building on our advances in the use of technology and delivering core services in our customers' homes and communities…

…Our approach to engagement has shifted the balance of power towards our customers. We aim to empower everyone in our communities to make their own choices about the services they want. As part of this new way of engaging, we want to actively involve 1000 tenants, of all ages and backgrounds, including pioneering new ways of using digital channels.

<u>Next Steps</u>

6.11 In light of the views expressed by tenants, all partner RSL Boards will be asked to consider their respective consultation outcomes in their November meetings and to affirm their support for the proposals. RSL Boards will also consider rent proposals and consultation as an example of our new engagement approach in action.

6.12 Following this, we propose to launch the new Customer First Centre at the start of December. Recruitment and training for its new enhanced staff compliment is almost complete. We are progressing well with the community hub programme, with works due to start in a second Glasgow building at Knightswood, as well as at our facilities in Edinburgh and Dumfries.

6.13 The financial allocations for customer-led decision-making will be incorporated in updated business plans for each RSL Board in February, including the You Choose Challenge funds.

6.14 In Glasgow, the Wyndford proposals separately on the agenda represent a key step for our regeneration plans. A special session will be arranged for the GHA / Wheatley Homes Glasgow Board in January to consider the timetable and final branding/logo details of the name change, as well as how this will be communicated to customers. The session will also cover other important aspects of the new vehicle, including its future repairs service (with City Building leadership in attendance), its new build and regeneration strategy and next steps in recruiting the "Glasgow 1000" tenant voices. A public launch of the new Wheatley Homes Glasgow brand would take place at the start of April. Note that this means the Glasgow rent consultation, due to begin in November, will be in the name of GHA.

7. Digital transformation alignment

7.1 The proposals on which we consulted tenants are strongly aligned with our digital strategy. They outline a range of new and improved digital services; the Board considered an example of this in respect of our environmental service at its September meeting.

8. Financial and value for money implications

8.1 The proposals in this report, including the impact of the transfers from Cube and tenant-controlled budgets, have been incorporated in all relevant business plans.

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator is fully aware of the consultation process and will be notified of the consultation outcome.

9.2 GHA employees will be consulted on the change of name from GHA to Wheatley Homes Glasgow in line with employment law requirements. There will be no change to their pensions or other terms and conditions from the name change.

10. Equalities implications

10.1 We have undertaken an initial Equalities Impact Assessment (“EIA”) in relation to tenants for our new operating model and engagement approach. The assessment did not identify any adverse implications for our tenants. Rather, the approach to enhancing our accessibility is expected to have a positive impact. In terms of diversity, the widening of our engagement structure will have a positive impact and broaden the range of customers segments who engage with us.

11. Environmental and sustainability implications

11.1 No direct implications from the proposals in this report.

12. Recommendations

12.1 The Board is asked to:

1) Note the outcome of the consultation processes undertaken by each of our RSLs in respect of their new operating and engagement models;
2) In light of the views expressed by tenants, agree in principle that we should proceed with implementation of the proposals; and
3) Agree that each partner RSL Board consider its consultation outcomes and next steps, including the proposal for a special GHA Board session in January given the specific considerations in a Glasgow context.

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Strategic governance review and Annual Assurance Statement**

Date of Meeting: **27 October 2021**

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1. Purpose

1.1 To update the Board on and, where applicable, seek approval in relation to the following Governance related matters:

- Strategic governance review; and
- Annual Assurance Statement to Scottish Housing Regulator.

2. Authorising and strategic context

2.1 Given the significant level of change in our governance structures, combined with the reflection of how our governance has operated during the pandemic and how that can inform our future approach, the Board agreed to initiate a strategic governance review.

2.2 Under the Group Standing Orders the Group's overall governance arrangements are a matter reserved to the Group Board. The Scottish Housing Regulator ("SHR") requires the Board to approve our Annual Assurance Statement ("AAS").

2.3 The Board also delegates a number of specific governance related matters to the Group Remuneration, Appointments, Appraisal and Governance ("RAAG") Committee through its Terms of Reference and additional delegations from time to time.

3. Risk appetite and assessment

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

3.2 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*."

3.3 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.

3.4 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.

4. Background

4.1 As previously recognised by the Board, since the last strategic review our governance has changed significantly. In part, this relates to the implementation of recommendations made during the previous review, such as the integration of commercial activity across the Group. We have also continued with the wider theme from the last strategic governance review of reducing the number of subsidiaries in our group structure, our 'washing line', where there has been a clear strategic benefit, direct customer benefits and support from relevant Boards.

4.2 This has included consolidating all care activity into Wheatley Care, which subsequently led to us disaggregating Barony stock across WLHP and Dunedin Canmore Housing. Since the review started, we also created a single vehicle in Glasgow, which will remove Cube from the Group structure.

4.3 Since the previous review DGHP also joined the Group in December 2019, increasing our Group structure. At the time of joining DGHP had an Audit Committee, Development Committee and two subsidiaries. As part of the DGHP Transformation Programme we wound up the two DGHP Committees and agreed to wind up Novantie.

4.4 In totality, taking into account consolidation already completed and in progress our governance structure will have been reduced by the following:

- Dunedin Canmore Enterprises;
- Novantie;
- Wheatley Enterprises;
- YourPlace Property Management;
- Barony;
- Cube;
- DGHP Audit Committee; and
- DGHP Development Committee.

4.5 In practical terms, this represents:

- 6 fewer legal entities requiring: 30+ fewer Non-Executive roles; annual accounts; individual legal and regulatory returns; and staffing and payroll arrangements; and
- 40+ fewer Board and Committee meetings per annum to service with papers, officer and Non-Executive time.

5. Customer engagement

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

6. Discussion

Strategic governance review

6.1. The Board received feedback on the headline findings from the review directly from James Tickell of Campbell Tickell at our strategy workshop in August. The findings were based on individual interviews with all Group Board members, a sample of Board members from each partner Board and a comprehensive desktop review of both our governance framework documents and Board papers.

6.2. A key message at the strategic workshop was that we have strong, robust governance foundations. This is reflected in the wide range of strengths identified in the report, which is attached at **Appendix 1**.

6.3. Beyond the technical and mechanical elements of our governance, the report highlights the strength of our governance culture. In particular, it notes the positive relationships between the Board and Executive and the shared values amongst Board members across the wider Group. The report also recognises our strong track record in managing consolidation within the Group whilst delivering positive outcomes for customers.

6.4. We have reviewed the full report and developed implementation proposals and timescales, which are attached at **Appendix 2**. The implementation matrix covers not only the formal recommendations but also the full range of suggestions contained in the body of the report. The implementation proposals suggest a number of the recommendations are ‘partially accepted’. This is on the basis that while we may wish to accept those recommendations as a direction of travel, further work and partner Board engagement will be required before committing to full implementation.

6.5. A more detailed update on the implementation proposals in relation to the key elements of the formal recommendations is set out below:

<u>Group structure</u>

[paragraphs 6.6 – 6.18 redacted]

Oversight, control and risk

6.19 The report makes a number of suggestions on how we can further define roles, responsibilities and reporting arrangements. The development of specific Terms of Reference for each Board represents an opportunity to engage with Boards on their role and responsibilities and ensure these continue to be well understood. This will be particularly beneficial to Board members who joined in the run up to the pandemic or are changing roles following the AGM and Cube restructure.

6.20 Beyond the changes referenced earlier in the report for Wheatley Solutions, the Terms of Reference will represent a codification of roles rather than changes. A full review of matters reserved and delegations will be carried out in conjunction with the development of the Terms of Reference. All draft Terms of Reference will be reviewed by the Group RAAG Committee prior to being considered by individual Boards.

6.21 As the report recognises, we already have a review of our risk management approach underway and workshops planned for 2022. It is intended that the specific changes recommended in the report are incorporated as part of this review.

6.22 It is not proposed however that we adopt a single group wide risk appetite. Our risk appetite levels reflect the different types of business activities we undertake, sectors we operate in and the relative maturity of each partner. As such, risk appetite levels are not necessarily directly comparable.

6.23 Each risk appetite statement, and any subsequent proposed change, will however remain subject to Group Board approval. This ensures that this Board sets clear parameters for acceptable risk appetite for each partner.

Role and remit of Boards

6.24 The review of this area is set within the context of the observation in the report that roles and responsibilities are clearly defined and well understood. Additionally, there is, as expected, cross over with elements such as the Group structure.

RAAG

6.25 The report recommends reviewing the role of the Group Chair as the Chair of the Group RAAG Committee. The driver for this is that some elements of the Committee's Terms of Reference differ from established practice in, for example, listed companies, rather than there having been any particular issue identified during the review or concerns raised by Board members during interviews.

6.26 It is proposed that prior to deciding on this recommendation, we review the Committee's Terms of Reference and assess the position relative to any refreshed Terms of Reference. This will be completed by the first meeting cycle in 2022. In the interim, the Committee would, as previously agreed by the Board, be chaired by Jo Armstrong.

Risk Management

6.27 The report confirms we have an appropriate system in place for risk reporting, oversight and monitoring. The report proposes means by which we can further strengthen this, through a collection of individual measures rather than any fundamental change.

6.28 As the report recognises, we already have a refresh of our risk management approach underway and workshops planned for 2022. It is intended that the specific changes recommended in the report are incorporated as part of this refresh, or sooner where practical. The outcome of the refresh will be brought back to the Board.

Board composition and diversity

6.29 We reduced the size of the Board to 14 (including the CEO) at the recent AGM as part of a planned reduction of the number of Non-Executive Directors. The report acknowledges that Board composition goes beyond the number of Board members and needs to take into account a range of factors such as: skills and experience, including how they align to corporate strategy and operating context; diversity; link to partner Boards; and tenure.

6.30 Given the complexity of this matter, it is proposed that a Board workshop is scheduled for March 2022 to consider these issues in more depth, including a potential route map and associated implications of reducing the Board size from 14 to 10 over our 3-year succession planning horizon. This will also allow us to have implemented the recommendation in relation to Board and Committee skills mapping in advance of the workshop.

6.31 Considering how we create a more diverse Board is also an important element of our succession planning. This is not unique to our Group; recent surveys in the housing press have indicated a need for more diversity in Boards across the sector. We have therefore asked Campbell Tickell to provide a separate framework on the dimensions of Board diversity, and this will support discussions at the workshop in March.

6.32 The Campbell Tickell report focuses on the composition of Group Board. However, based on the principle that smaller Boards are more effective it is proposed that for partner Boards we also set a target maximum size of 10.

6.33 It should be noted that, with the exception of Loretto Housing due to the redeployment of Board members following the Cube Transfer of Engagements, no partner Board currently has more than 10 Board members (excluding vacancies) at present. Each partner Board shall be asked to consider their existing succession plan on the basis of a future Board size of 10.

6.34 The GHA Board has a more complex composition than other Boards, with it being drawn from four different constituent groups: tenants; Parent appointees; independent; and two Glasgow City Council nominees. The report makes other specific recommendations in relation to the GHA Board. A GHA Board workshop is planned for January 2022 to consider the next steps for our new single Glasgow vehicle. It is proposed that governance-related matters form part of this, including Board composition, and the GHA / Wheatley Homes Glasgow Board provides feedback before we take a final decision on the associated recommendations.

Board practice

6.35 The report recommends hybrid and virtual-only meetings should be part of our approach in future. It is intended that we spend time testing the new technology and logistical arrangements we have in Wheatley House to ensure that we are clear these will be effective for mixed attendance meetings. We will also consider how we extend similar facilities in our other Centres of Excellence.

6.36 It is proposed that we engage with individual Board Chairs in developing proposals in this area give they will be chairing the meetings. A further update on this will be brought back to the Board in due course.

6.37 We have already responded to the Board feedback for greater discussion on finance and care, with a mid-year financial update given in September as part of rent proposals, followed by a dedicated board on finance and funding held in October. A separate agenda item relates to a care strategic review, which will necessitate more detailed care discussions throughout and at the conclusion of the review.

6.38 Linked to this, we plan to introduce themed meetings in the 2022 cycle to facilitate more in depth discussion in key areas including:

- February – Finance;
- March - Governance and sustainability (via dedicated workshop); and
- April – Investment

6.39. We also plan to bring a refreshed Equality and Human Rights policy to the Board in the first half of the 2022 calendar year and have included Equality and Diversity in or 2022 Board CPD schedule.

Next steps

6.40. Subject to Board feedback, an update on the review will be taken to each partner Board. For GHA this will be via a dedicated workshop. For the remainder, it will be as part of the February reporting cycle or as otherwise agreed by the Board in December.

6.41. It is proposed that the RAAG Committee will monitor implementation progress and, where appropriate, review proposals in detail in advance of them being presented to the Board.

Annual assurance statement

6.42. Each year we are required to review and provide a statement about our compliance with the SHR's regulatory standards and requirements of its 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

6.43. We undertook a self-assessment of our compliance against the regulatory standards and the requirements set out in the Framework. As part of this process, we develop an evidence base to support the determinations within the self-assessment. In order to provide an additional layer of assurance for the Board, the self-assessment and supporting evidence was subject to an independent review by our Internal Audit Team.

6.44. The SHR requires the statement to be short and succinct, either confirming compliance or otherwise. For this year's statement, the SHR also requires RSLs to provide a specific update on Equality and Human Rights to include an assurance that RSLs "*have appropriate plans to implement an effective approach to the collection of equalities information and that they have started to consider how they can adopt a human rights approach in their work*".

6.45. The SHR's guidance also explains that it requires areas from 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. 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.

6.46. A copy of the self-assessment and details of the evidence supporting the assessment is attached at Appendix 3.

6.47. Following the review, there are no areas of material non-compliance that require to be disclosed in the statement. Internal Audit have also provided assurance that, based on their review of the evidence, they are satisfied there are no areas of material non-compliance.

<u>Equalities and Human Rights</u>

6.48. The Scottish Federation of Housing Associations published "Collecting Equality Information: National Guidance for Scottish Social Landlords" on 19 August 2021. This was much later than initially planned due to the pandemic.

6.49. Prior to this being published, the SHR wrote to all RSLs in June 21 acknowledging this delay and that for RSLs "*it will take time for landlords to consider the guidance when it is published and what changes they may need to make to their approach".*

6.50. Rather than wait for the guidance, we adopted a proactive approach. This included commissioning an Internal Audit advisory review to consider our approach and plans in relation to Equalities and Human Rights. As part of this process we agreed a plan for our approach and associated timescales, which were reviewed by the Group Audit Committee.

6.51. To date we have introduced a new Equalities Impact Assessment process and guidance, rolled out Equality, Diversity and Inclusion staff training and reviewed a number of our people related policies.

6.52. We are progressing with the agreed plan, including incorporating the SFHA guidance. In addition to this, as part of the strategic governance review we commissioned Campbell Tickell, working with Internal Audit, to consider our approach and identify good practice which can support our approach. We intend to draw on this good practice as we implement our plan.

Social Housing Charter

6.53. 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 4.

6.54. 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.

6.55 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.

6.56. 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. On issue which remains is DGHP's Scottish Housing Quality Standard ("SHQS") and Energy Efficiency Standard for Social Housing ("EESSH") compliance levels.

6.57. 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 DGHP and full compliance is now expected to be achieved by June 2022.

All relevant legislative duties.

6.58. 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. We also routinely engage external expertise in complex, non-core areas such as fundraising and FCA related activity.

6.59. In order to monitor compliance, we operate a 4 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.

6.60. Beyond our core 4 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.

6.61. We have not had any instances where a judgement has gone against the Group that we materially not meeting legislative duties.

6.62. 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.

2021 Assurance Statement

6.63. Based on the above, the Board is asked to approve the following Statement

The Group Board considered evidence at its meeting on 27 October 2021 and confirmed we have appropriate assurance that all Registered Social Landlords which are part of Wheatley Housing Group Limited (being Wheatley Housing Group, GHA, Dunedin Canmore Housing, Dumfries and Galloway Housing Partnership, Loretto Housing Association, West Lothian Housing Partnership and Cube 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 have appropriate plans to implement an effective approach to the collection of equalities information and human rights.

which will be signed by the Chair:

7. Digital transformation alignment

7.1 The proposals retain an oversight and scrutiny role for Wheatley Solutions in relation to our digital transformation plan.

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 Detailed legal advice will be sought as required throughout the implementation process.

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

10. Equalities implications

10.1 There are no equalities implications arising from this report.

11. Environmental and sustainability implications

11.1 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.

12. Recommendations

12.1 The Board is asked to:

1) Note the Campbell Tickell report;
2) Approve the implementation plan set out in Appendix 2; and
3) Approve the 2021 Annual Assurance Statement for submission to the Scottish Housing Regulator.

List of Appendices

Appendix 1 – Campbell Tickell strategic governance review report [redacted]
Appendix 2 – Strategic governance review implementation plan [redacted]
Appendix 3 – Assurance self assessment
Appendix 4 - Social Housing Charter outcomes [redacted – available here: Scottish Social Housing Charter - gov.scot (www.gov.scot)]

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.	This year's statement takes into account the SHR's Regulatory Framework and associated guidance in relation to the preparation of Annual Assurance Statements. This includes the additional statement required in relation to equalities and human rights. 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	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.	In practical terms the Group operates a 4 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. 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. Legal implications set out in all Board reports to ensure 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. Our Equality, Diversity 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. 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. Our Group approach to Equality, Diversity and Inclusion was recently reviewed by our Internal Audit team to assess preparations for compliance with the SHR requirements in this area. From this review, areas of good practice were identified and recommendations agreed as a pathway to meeting this requirement, which will be monitored via the Group Audit Committee. Our plans will incorporate, where appropriate, the 'Collecting Equality Information: National Guidance for Scottish Social Landlords' published by the SFHA in mid August.	**Group policies and associated documents** - 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 **Board reporting** -Group Health and Safety policy Board report, followed by update reports and specific reports relating to the pandemic - 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) **Independent assurance** - Internal Audit activity **External assurance** - 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.		**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.	Privacy Impact Statements confirm the purposes for which we hold and use data, including for regulatory requirements. All RSLs are registered with ICO.	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 reviewed and agreed by relevant Boards and reviewed internally against the SHR technical guidance.	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: -' 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.	At the most senior level, we have tenants on our Boards. The ongoing level of involvement of our Local Committees, Registered Tenant Organisations, and Communities of Interest has been impacted for part of the year by the pandemic, however the approach itself is established and embedded. We engage with our 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 new draft Customer Value performance measures. We have also begun implementation of our new engagement framework which 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. This is being enabled through the recruitment of our new Stronger Voices team. Importantly, we are consulting all tenants on our proposed engagement approach.	Governance Framework - RSL constitutions reserving Board places to tenant members - Tenant Scrutiny Panel Terms of Reference Board/Committee/Forum discussions and reporting - Group Scrutiny Panel meeting agendas External - Quality Scotland external independent support provided to Group Scrutiny Panel Other - RSL websites publicly set out the report - 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 2020.	**Compliant**
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 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.	Annual Report to Tenants issued in December 2020.	**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) 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 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 publish 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.	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, 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 only published on 19 August 2021. We are integrating the recently published guidance with the existing plans already reflected in the recent Internal Audit advisory review. In advance of the guidance, we have already taken a number of steps to strengthen our approach and the implementation of our Equality, Diversity and Human Rights policy. This included engaging external expertise via IoD Scotland to support the robust implementation of this policy. We have taken steps to strengthen our organisational approach towards equality, diversity and inclusion, including a communications campaign to raise staff awareness and highly publicised staff training. We have 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. Equalities is an area our Boards have indicated a desire for increased visibility . To reflect this it a topic included in our Board CPD Programme for 2022, which was developed based on feedback from Board members across the group	Policy - Group Equality, Diversity and Human Rights Policy - Review of all HR policies by Burness-Paul to ensure inclusive content and language Reporting and monitoring - Internal Audit Advisory review of equalities and human rights -Equalities Implications section included in Board reports (And EIA carried out if deemed required, for example the Group Homelessness policy) Other - Comprehensive Equality Impact Assessments, accompanied by training and guidance - Staff Training- Equality, Diversity and Inclusion - Awareness raising through blogs and videos on intranet - Number of Equality, Diversity and Inclusion internal initiatives by People Services Team -Equality, Diversity and Inclusion/EIA training included in our Board CPD Programme, to be delivered by external expert	**Compliant**

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.	Board CPD Programme for 2022, which was developed based on feedback from Board members across the group. Our People Services Team have progressed with a number of Equality, Diversity and Inclusion initiatives including an external review of all HR policies to ensure these are inclusive in language and content. In addition to this, an Internal Audit Advisory review considered our wider organisational approach to equalities and human rights. This review was an opportunity to consider our plans and preparation, with added value input from Internal Audit.		
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.		
Comply with, and submit information to us in accordance with, our guidance on: - 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	
Keep up to date organisational details in the Register of Social Landlords, by maintaining the information provided through the Landlord Portal.	Organisational details up-to-date and regularly maintained via the SHR Landlord Portal All updates are monitored by Company Secretary and control checks are in place, specifically the portal is reviewed and updated monthly and after every Board cycle	Landlord Portal SHR Website	**Compliant**
Make publicly available, including online, up to date details of: - 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.	About us section of RSL websites includes information about who is on the governing body and the date they first became an office holder. The 'getting involved' section of each RSL website sets out how to become a member of the RSL (where applicable). 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.	RSL websites - 'about us' and 'get involved' sections. Published membership policy via website Published minutes via website	**Compliant**

Regulatory Standards of Governance and Financial Management	Self-Assessment Commentary	Evidence and sources of assurance	Self Assessment
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.	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 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. We have also additionally reflected on our 5 year strategy since the onset of the pandemic over the course of a number of Board workshops, where the impact on tenants has been at the forefront. Following the review and agreement by the Group Board, we have subsequentially began implemention of the revised 5 year strategy, Your Home, Your Community, Your Future.	Governance Framework - Group Standing Orders - Governing Body Members Handbook Board discussions and reporting - 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 External validation/corroboration - 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.	The Group Standing Orders detail respective roles and responsibilities of the Group and subsidiary Boards in the Group Authorising Framework (GAF) and the Group Authorise, Manage, Monitor Matrix (GAMM) as well as detailing the Scheme of Financial Delegation and delegations to Group CEO. Board member roles and responsibilities are set out in the Standing Orders and the Governing Body Member Handbook.	Governance Framework - Group Standing Orders - Governing Body Members Handbook External validation - Campbell Tickell governance review - IiP 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.	The RSLs are appropriately constituted and the Group Standing Orders set out effective decision making processes. Board minutes and reports will provide details of how constitutional compliance is ensured where applicable.	**Governance Framework** - Individual entity constitutions - Group Standing Orders -Board report template **External validation** - 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.	This is enshrined in the Code of Conduct as a requirement and re-emphasised in the governing body member handbook. No governing body members have breached the code of conduct in this regard, as such no action has been taken.	No issues raised or identified during the year of a Board member not accepting collective responsibility Board appraisal forms and interviews - issue not raised Signed Codes of Conduct	**Compliant**
1.5 All governing body members and senior officers understand their respective roles, and working relationships are constructive, professional and effective.	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. 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.	**Governance Framework** - Recruitment and Selection Process and Induction Programme - Group Standing Orders - Governing Body Members Handbook - Governing Board Members Appraisal Policy **External Validation** -Campbell Tickell interviews with Board members as part of previous governance review - IoD interviews as part of Board effectiveness	**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.	The Standing Orders set out clearly the relationship between the parent Board and subsidiaries and the division of responsibilities. 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. There is a standing Board meeting agenda item regarding declaration of interests. 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.	**Governance Framework** Board Code of Conduct Group Standing Orders Arrangements in place in respect of conflicts and declarations of interest - standard Board agenda item and Register of Interests form **Other** Annual Board appraisal - no issues raised by any Chair or Board member	**Compliant**
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).	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 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.	**Governance Framework** Group Code of Conduct Register of Interests form Group Standing Orders Arrangements in place in respect of conflicts and declarations of interest Intra Group Agreement **External validation** Independent legal advice for RSL subs on Intra Group Agreement with Parent and on relevant transactions eg MMR stock disposal and GHA/Lowther equity	**Compliant**
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. **Guidance**			
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.	Each RSL within the group has a website which includes an 'Access 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. Provided via a combination of: - Website - annual report to tenants - newsletters - consultations We ask tenants as part of out Tenant Satisfaction Survey what tenants think about being kept informed.	Publications Subsidiary and group websites Tenants newsletters (e.g. The Key) Information on performance, future plans eg investment and satisfaction results published on websites Annual Report to Tenants External validation BMG Tenant Satisfaction survey	**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.	Governing Body Handbook recognise the Group's governing bodies' accountability to tenants and service users (section regarding the role of the Board). Each RSL subsidiary publishes an Annual Report to Tenants, setting out how it has performed. Our Publication Scheme ensures that we provide a significant amount of information , supporting accountability.	**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	**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.	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. We are bound by the Environmental Information (Scotland) Regulations 2004 which gives the public the right to access environmental information we hold.	**EVIDENCE:** Provided via a combination of: - Website - Annual Report to Tenants - newsletters	**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.	We are implementing our new 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. As part of our updated Performance Management Framework for our new strategy period, we engaged with our Tenant Scrutiny Panel to seek their feedback on our new Customer Value Measures. These views were then presented to the Board before the initial phase of measures were agreed. Our Engagement Framework 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 - community governance structures - locality planning - use of complaints - annual satisfaction surveys - consultations - tenant members on boards representing service user views Tenant board members bring customer insight to strategic decision making. The Locality Plans have been developed through engagement with customers and stakeholders. The Group operates customer segmentation to understand their customer base and shape services accordingly.	External validation - Staff satisfaction surveys and results - 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 Decision making - Annual Board strategy workshop briefing packs detailing background information - Board composition includes tenants - builds in feedback at decision making point - Board report on rent setting - documents extensive consultation feedback Board reporting and monitoring - ongoing Board reports on key areas of tenant feedback, including complaints -customer engagment section included in Board reports Engagement Framework - Locality plans, including the range of engagement and feedback events facilitated during the process	**Compliant**
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.	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.	SHR Quarterly Meeting agendas Funder meeting agendas Group Engagement Plan - published by WHG and SHR	**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.	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. In addition to this we regularly report to Boards and have an extensive discussion each year on financial projections and treasury management, including liquidity. This has been heightened during the pandemic, with scenario testing on potential adverse Covid-19 impacts undertaken and reported to Boards.	**External validation** - Review by Rathbones of core business planning assumptions - Group Treasury Management Policy was reviewed by our external treasury advisors - External audit process **Governance and Policy Framework** - Treasury Management Policy - Group Value for Money framework - Group Whistleblowing Policy - Fraud, Corruption and Bribery Policy - Group Standing Orders including financial delegations **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	**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.	There is a suitable treasury management policy in place, which was reviewed by the Board during the last 6 months. The Board skills matrix is takes into account the need for membership to include Non-Executives with relevant skills and experience in this area. Boards routinely seek sufficient external independent guidance to ensure its decisions are in our best interest, with significant input from external legal advisors.	**Board membership** -The Board succession planning specifically seeks to ensure we have individuals with skills and experience in this area **Policy Framework** - Treasury Management Policy - Quarterly treasury update to Wheatley Group Board **External validation** -Treasury Management CPD Session (Rathbones) held on 31 October 2018 (slides from session) - Extensive external legal advice on any major funding transactions, specifically in relation to the risks	**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.	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. 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 as 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. 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.	**External validation** - Independent Quality Review of Internal Audit by PwC **Board reporting and monitoring** - Annual stress testing of business plan as part of Board approval process - Pandemic specific scenario testing on financial projections - Risk register considered by the Group Audit Committee at every meeting and by each Board periodically - Comprehensive review of risk register by Group Audit Committee and Group Board during pandemic - report and associated minutes - Board reports regarding Financial Performance - Treasury management reports	**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.	**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 - Risk Registers -Tenant rent setting consultation results	**Compliant**
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. 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. 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 GHA	**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, Regulatory returns (such as 5 year financial projections, loan portfolio) are included on the agendas for all RSL Board meetings in May. The same is also true of the Annual Return on the Charter (also May.) Governing Body requires formal Board reports to be provided with clear recommendations about sign-off.	**Board reporting and monitoring** - Board papers and agendas	**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. **Guidance**			
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. 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 and Audit Committee Terms of Reference **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 Order. 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
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.	We have a clearly established Group Audit Committee with a remit including oversight of internal audit. 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 2015 and 2018)	**Governance framework** - Audit Committee Terms of Reference **Board reporting and monitoring** - Assurance Update Board Reports - Group Audit Committee reports **External** - 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.	This is clearly defined via the Group Standing Orders, mainly within the purview of the Group Audit Committee	**Governance framework** - Audit Committee Terms of Reference	Compliant
Standard 5 The RSL conducts its affairs with honesty and integrity. **Guidance**			
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.	The Wheatley Group Code of Conduct sets out expectations. Staff are also bound by the Code of Conduct and HR Policies. We have a Whistleblowing Policy and Anti-fraud, Corruption and Bribery Policy. This 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.	Governance framework - Group Standing Orders - Group Code of Conduct (governing body and staff) - Whistleblowing 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.	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.	**Governance framework** - Group Code of Conduct and Conflicts Policy - Governing Body Appraisal Policy	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.	Our leaders empower all employees to live the Wheatley Group values; Trust, Community, Excellence and Ambition. The values are integrated into the My Contribution appraisal process. This is also embedded in our HR policies and in our governance arrangements through Equality Impact Assessments.	**Group policies and associated documents** - Wheatley Group Values - HR policies including Dignity at Work and Employee Code of Conduct - Group Governing Body Member Code of Conduct and Conflicts Policy - Group Equality, Diversity and Human Rights policy	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.	We operate a register of interests and declarations of interest is a standing item on Board meeting agendas.	Group policies and associated documents - Group Code of Conduct - Group Conflicts of Interest Policy - Register of Interests form - Group policy on gifts, hospitality, payments and benefits Board reporting and monitoring - 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.	Group CEO appraisal is undertaken by Group Chairman 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. The Board accesses independent professional advice and holds discussions without the Group Chief Executive where appropriate.	**Group governance framework** - Group Standing Orders Board reporting - Reports to RAAG Committee and Group Board on Group CEO terms and conditions.	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.	We have specific Whistleblowing and Fraud, Bribery and Corruption Policies in place, approved by the Group Audit Committee.	**Group policies** - Group Whistleblowing policy - Group Fraud, Corruption and Bribery policy	Compliant
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 polices on Early Retirement and Redundancy and affordability criteria we apply agreeing any form of what may be classified as a 'severance payment'. We engage external legal advice in relation to any settlement agreements.	Group policies and associated documents - Polices on redeployment, redundancy and early retirement linked to redundancy (GHA, Cube, 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.			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. Recruitment vacancies are always advertised and subject to: - the process set out in constitutions - recruitment policy - RAAG committee agreement The Board undertake an annual appraisal process.	**Group governance framework** - Group Standing Orders Appendix 3A Governing Body Recruitment Policy and Procedures - Group Standing Orders [Appendix 3B Governing Body Appraisal Policy and Group Succession Planning Policy - 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. The Group has an appropriate Succession Planning Policy in place.	**Group governance framework** - Constitutions - Group Standing Orders [1 - Appendix 3B Governing Body Appraisal Policy and Group Succession Planning Policy] **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. During last year we reappointed a small number of Non-Executives beyond 9 year's service. In agreeing this the Board specifically gave consideration to the individual's ongoing effectiveness and independence.	**Group governance framework** - Constitutions - Group Standing Orders [1 - Appendix 3B Governing Body Appraisal Policy and Group Succession Planning Policy] - 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 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.	**Induction and training** - Induction process - CPD programme - Institute of Directors (IoD) induction programme session on the Role of a Non-Exec Director	**Compliant**
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.	**Group policy framework** - Governing Body Remuneration Policy - Governing Body Member Remuneration Benchmarking Report **Board reporting and monitoring** - Board reports	**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.	**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 Cube transfer was reviewed and approved by the Cube, Loretto Housing, GHA and Group Boards taking into account the implications for tenants.	**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 consider the Group structure further as part of the governance strategic review. 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 change involved significant engagement with key stakeholders, including Local Authorities and customers.	**Board reporting and monitoring** - Board reports **Other** - Exchanges with Local Authorities and customers	
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 in relation to Cube, as well as the Barony that occurred last year. In the case of DGHP this was pre Group.	**Board reporting and monitoring** - Board reports - Board minutes	
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).	This applies within the Cube, Barony and DGHP context. 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. As the more significant change, the DGHP commitments are reported at DGHP and Group Board level as part of the Transformation Programme	Board reporting - Reports to DGHP and Group Boards - Repots to WLHP and DCH Boards on Barony tenant commitments such as rent increase levels -Reports to GHA and Loretto Boards on Cube tenant commitments such as rent increase levels	**Compliant**
7.6 Charitable RSLs seek consent/ notify OSCR of changes to their constitution and other changes as appropriate.	OSCR approval sought prior to Cube Trasfer of Engagements and dissolution	Formal notification documents to OSCR	
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	**Compliant**
7.8 The RSL complies with regulatory guidance on tenant consultation, ballots and authorisation.	This has applied to the Cube reorganisation in year. As part of this process we engaged throughout with the SHR and reviewed the regulatory guidance in advance of agreeing the key milestones.	Board reports relating to the Cube reorganisation and the associated tenant consultation documentation.	
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.	SHR Portal holds records of all notifiable disposals.	**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.	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. 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.	**Corporate records** - Financial records of RSLs and WFL1 - Security spreadsheet	**Compliant**

Appendix 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 ensurign that the reflect our own needs. All constitutions are subject to a) review by individual Baords 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.		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.		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.		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.		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.		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.		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.	Compliant
7. It is clear how the RSL can be closed down.		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.	
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.		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:			
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 RSL Rules/Articles of Association	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.		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.		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.		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.		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.		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.		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.		All RSL Rules/Articles of Association	Compliant
17. The powers and responsibilities of the governing body are clearly set out.		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.		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.		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.		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.		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.		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.		All RSL Rules/Articles of Association	Compliant
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.		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.		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.		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 GHA 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 .	All RSL Rules/Articles of Association - Membership policies	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

Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Finance report

Date of Meeting: 27 October 2021

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1. Purpose

1.1 The purpose of the paper is to:

- provide an update on the Group's financial performance for the period to 30 September 2021; and
- seek approval for submission of the RSL Borrower Group's management accounts to 30 September 2021 to our bank lenders as part of our usual quarterly covenant returns.

2. Authorising and strategic context

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

2.2 The 2021/22 budget effectively mirrors the first year of the business plan financial projections for each entity and will allow each Board, as well as the Group Board, to monitor progress during the year against our business plan targets.

3. Risk appetite and assessment

3.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

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

3.3 This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

4. Customer engagement

4.1 This report relates to our financial reporting and therefore there is no direct customer engagement.

5. Discussion

Financial performance to 30 September 2021

5.1 The results for the year to date are summarised below. Detailed information is included in Appendix 1.

	Year to Date (Period 6)		
£m	**Actual £m**	**Budget £m**	**Variance £m**
Turnover	198.6	200.0	(1.4)
Operating expenditure	(145.6)	(149.4)	3.8
Operating surplus	**53.0**	**50.6**	**2.4**
Operating margin	*26.7%*	*25.3%*	
Net interest payable	(34.4)	(35.8)	1.4
Surplus	**18.6**	**14.8**	**3.8**
Net Capital Expenditure	(81.5)	(91.5)	10.0

5.2 The Group is reporting a statutory surplus of £18.6m, £3.8m higher than budget for the year to date.

5.3 Key variances against budget include:

- Within turnover, grant income recognised on new build completions is £1.7m lower than budget. 152 units (115 social rent and 37 MMR) have been completed by end of September compared to 230 budgeted. Completions have been delayed at Watson and South Gilmerton. The DGHP units at Sanquhar were budgeted for 2021/22 completion but completed early in March 2021.
- Other income is £0.4m favourable to budget; this is principally due to unbudgeted furnished let income in GHA and higher levels of income in DGHP for aids and adaptations, the work for which was carried in the previous financial year, the policy is to recognise amounts when claims are agreed with the Local Authority.
- In expenditure, total costs are £3.8m lower than budget, driven mainly driven by the lower expenditure across the majority of budget lines with the exception of repairs.
  - In repairs and maintenance costs of £29.3m are £0.1m higher than budget as the service is meeting higher demand levels from customers as restrictions ease.
  - Staff costs are £1.2m lower than budget primarily due to vacancies and changes to the budgeted staffing structures.
  - Running costs are £1.4m lower with savings in all the RSLs and Solutions as our new ways of working have enabled us to make operational cost savings.

- Bad debt costs are £0.9m lower than budget. The budget for 2021/22 includes a prudent level of provision for costs associated with an assumed increase in arrears levels related to Universal Credit (UC). UC arrears show a 0.2% increase from the same time last year.

5.4 Interest costs are £1.4m lower than budget for the month, linked to lower net debt levels at the end of the 2020/21 financial year and lower interest costs following the termination of fixed rate loan arrangements in March. No further drawdowns have been made since the £28m final EIB tranche in June.

5.5 Net capital expenditure is £10.0m lower than budget. Within this, new build spend is £16.9m lower which links through to grant income claimed which is £22.3m lower than budget at the end of September reflecting the lower levels of spend. Sites for GHA including Calton Village, Sighthill and Hurlford Avenue have been delayed with later site start dates. In the other RSLs there are lower levels of spend at WLHP sites at Almondvale, Jarvey Street, Blackness Road and Sibbalds Brae, offset by an increase in spend at Winchburgh O. In DGHP accelerated spend at Lincluden in Q4 2020/21 has reduced spend at this site in the current year.

5.6 The core investment programme spent £38.5m in the year to date which is £14.2m lower than budget as the service moved towards full mobilisation. A number of factors are impacting the delivery of the planned programmes include ongoing impact of COVID working restrictions and shortages in material supplies for key workstreams such as windows and kitchens. There have also been savings of £1.2m from the VAT Shelter arrangement.

Q2 Forecast

	Q2 Forecast		
£m	**Budget**	**Forecast**	**Variance**
Turnover	409.1	405.1	(4.0)
Operating expenditure	(300.3)	(299.4)	0.9
Operating surplus	**108.8**	**105.7**	**(3.1)**
Operating margin	*26.6%*	*26.1%*	
Net interest payable	(69.6)	(65.1)	4.5
Statutory surplus	**39.2**	**40.6**	**1.4**
Net Capital Expenditure	185.1	182.5	2.5

5.7 The full year forecast for the group statutory surplus is £40.6m in £1.4m favourable to the budgeted surplus.

5.8 Key variances against budget include:

- Within turnover, grant income is expected to be £3.6m lower reflecting the reprofiled new build completions for the year with a total of 621 units projected to be completed compared 675 budgeted with delayed units moving forward to 2022/23.
- Total expenditure is expected to be £1.0m lower than budget with staff and running costs £0.2m and £1.0m lower respectively. Staff costs reflect the savings in the year to date with additional staffing provided for the Customer First Centre during the second half of the year to assist with the transition to the new ways of working in the frontline. Running costs, are expected to be £1.0m lower than budget, also reflecting savings to date with provision made for costs for furnished lets which is funded with additional income.
- The repairs service shows full year spend to be £1.2m higher than budget with additional provision set aside this year to help meet higher expected demand coming as we come out of the pandemic.
- Demolition costs are lower with works at Gallowgate and Wyndford to take place in 2022/23.
- Net interest costs are forecast £4.5m lower for the full year following the fixed rate loan restructuring in March 2021.

5.9 Net capital investment is expected to be £2.5m lower than budgeted with a reduction in grant income claimed of £34.5m in the year which is linked to the lower levels of new build investment spend, forecast £31.7m lower than budget. Variations in the timing of spend on individual sites will defer costs into 2022/23.

5.10 The core investment programme is expected to be £4.3m lower than budget which includes savings of £1.2m from the VAT shelter in GHA. The programme has been reprofiled across the RSLs to reflect the latest view and taking into account the most effective delivery approach in light of material supply issues in some areas.

Key financial metrics – interest cover and debt per unit

5.11 Loan covenants are monitored monthly out-with the required quarterly submission of calculations and Board-approved management accounts of the RSL Borrower Group to funders. All loan covenants with respect to the RSL Borrower Group, WFL2 and DGHP were met as at 30 September 2021.

5.12 Excluding the variance on grant income recognised on the completion of new build properties and depreciation, but including capital expenditure in our existing properties, the underlying results for the RSL Borrowing Group are £12.1m favourable to budget as shown in slide 5 in appendix 1. [redacted] and DGHP is £4.0m favourable to budget.

5.13 The favourable performance against budget has improved the covenant position at 30 September 2021 outperforming the key measures in the financial projections as shown in the tables in appendix 1.

6. Digital transformation alignment

6.1 No implications.

7. Financial and value for money implications

7.1 The statutory surplus for the year to 30 September 2021 are £3.8m favourable to budget with a full year forecast in line with budget and in line with the assumptions made in the most recent update of the Group's business plan. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying results for the period to 30 September 2021 were favourable to budget ensuring that these efficiency targets are met.

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Environmental and sustainability implications

10.1 No implications.

11. Recommendations

11.1 The Board is requested to:

1) note the Group management accounts for the period ended 30 September 2021 at Appendix 1; and
2) approve the RSL Borrower Group accounts at appendix 2 for submission to the Group's lenders.

List of Appendices

Appendix 1 - Wheatley Group Financial Report to 30 September 2021
Appendix 2 - RSL Borrower Group Financial Report to 30 September 2021

Appendix 1: Wheatley Group Financial Report To 30 September 2021 (Period 6)

•Classified as Internal

1a) Wheatley Group – Year to date

YTD (£k)	Year to 30 September 2021			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	153,873	153,920	(47)	306,646
Grant income	13,059	14,778	(1,719)	49,933
Other Income	31,697	31,340	357	52,567
Total Income	**198,629**	**200,037**	**(1,408)**	**409,146**
EXPENDITURE				
Employee Costs	41,433	42,660	1,227	84,107
ER/VR	414	420	6	3,046
Running Costs	21,657	23,059	1,402	46,912
Repairs & Maintenance	29,337	29,207	(130)	57,806
Bad debts	2,222	3,094	872	6,097
Depreciation	50,463	50,463	-	100,928
Demolition Programme	99	568	469	1,449
Total Expenditure	**145,624**	**149,468**	**3,844**	**300,345**
NET OPERATING SURPLUS	**53,005**	**50,569**	**2,436**	**108,801**
	26.7%	25.3%		26.6%
Gain/(loss) on sale of fixed assets	(5)	-	(5)	-
Net interest payable	(34,392)	(35,758)	1,366	(69,624)
STATUTORY SURPLUS/(DEFICIT)	**18,608**	**14,811**	**3,797**	**39,177**
INVESTMENT				
Total Capital Investment Income	13,474	35,765	(22,291)	65,693
Core Investment Programme	38,542	52,712	14,170	106,328
New Build Programme	46,557	63,483	16,926	125,310
Other fixed assets	9,917	11,158	1,241	19,130
Total Capital Investment Expenditure	**95,016**	**127,354**	**32,338**	**250,768**
NET CAPITAL INVESTMENT SPEND	**(81,542)**	**(91,589)**	**10,047**	**(185,075)**

Key highlights year to date:

The Group operating surplus for the period ended 30 September was £53,005k which is £2,436k favourable to budget. At the statutory surplus level, a surplus of £18,608k is reported showing a favourable variance of £3,797k to budget. The variance to budget is driven by lower grant income due to the delay on new build completions, offset by lower levels of expenditure due to operational cost savings from our revised working model, lower bad debts and savings in interest payable.

Total income at £198,629k is £1,408k lower than budgeted.

- Net rental income is broadly in line with budget however within this void losses are running at 0.97% with higher voids reported in GHA. Overall void loss to September is £1,434k and is £34k adverse to budget.
- Grant income recognised to date relates to the total of 152 units completed at GHA's Bellrock, Auchinlea, Kennishead and Baillieston sites and for DGHP sites at Monreith and Lincluden developments against a target of 230 units. The adverse variance is mainly driven by delayed completions at Watson and South Gilmerton and also units at Sanquhar which were delivered early in March 2021.
- Other income is £357k higher than budget and includes unbudgeted income for furnished lets of £319k (the associated costs for packages provided of £250k is in running costs) and additional aids & adaptations claims in DGHP for works completed in the prior year with the claim being recognised this year once approved for payment. This is offset by lower levels of factoring income in Lowther.

Total expenditure of £145,624k is £3,844k favourable to budget:

- Staff costs are £1,227k favourable than budget mainly driven by vacancies and changes to the budgeted staffing structures.
- Running costs are £1,403k favourable to budget. Our new ways of working have enabled us to make operational cost savings. Home based working has resulted in reduced activity in certain Solutions areas and we are seeing lower property and office running costs. Factoring costs are lower in Lowther linked to lower income.
- Revenue repairs and maintenance spend is £130k unfavourable to budget. The majority of RSLs are reporting spend higher than budget with the exception of DGHP where their in house service is showing a favourable variance with challenges in the remobilisation of services due to sourcing of materials and resources. Recruitment for the full service in DGHP has been recently completed.
- Bad debt costs are £872k favourable to budget across the Group with a prudent provision set aside for increases in arrears. Interest costs are £1,366k lower than budget with interest rates on borrowings lower following the loan restructuring in March 2021.

Net capital investment spend of £81,542k is £10,047k favourable budget.

- Capital investment income relates to the cash receipt of new build grant, which is £22,291k below budget, and linked to the lower level of new build spend on which grant can be claimed.
- Core programme spend is lower than budget by £14,170k. Factors, influencing the delivery of the planned programmes include ongoing impact of COVID working restrictions and shortages in material supplies affecting window and kitchen programmes. City Building have been engaged to assist delivery of investment projects in DGHP and we anticipate progress to accelerate in all Group RSLs in the second half of the year. There have also been savings in GHA of £1.2m from the VAT Shelter arrangement.
- In new build, a higher level of spend had been anticipated for sites including Calton Village and Hurlford Avenue, both having later site starts than anticipated, with Sighthill, Hurlford Avenue, Watson sites, Jarvie Street, Queens Quay, South Gilmerton and Penicuik, all running lower than budget and driving the variance. In DGHP faster progress was made at Lincluden in Q4 20/21 which has reduced spend in 2021/22.

Wheatley Group Financial Report
To 30 September 2021 (Period 6)

RSL Borrower Group

2a) RSL Borrower Group – Year to date

YTD (£k)	Year to 30 September 2021			Full Year Budget £'000
	ACT £'000	BUD £'000	VAR £'000	
INCOME				
Net Rental Income	123,722	123,756	(34)	246,490
Grant income	9,644	13,821	(4,177)	44,683
Other Income	16,539	16,073	466	22,277
Total Income	**149,905**	**153,649**	**(3,744)**	**313,450**
EXPENDITURE				
Employee Costs	27,422	28,122	700	56,698
ER/VR	414	420	6	2,700
Running Costs	12,610	13,571	961	27,238
Repairs & Maintenance	23,366	22,641	(725)	45,187
Bad debts	1,762	2,400	638	4,831
Depreciation	44,707	44,707	-	89,379
Demolition Programme	99	568	469	1,200
Total Expenditure	**110,380**	**112,428**	**2,048**	**227,233**
NET OPERATING SURPLUS	**39,525**	**41,222**	**(1,697)**	**86,217**
	26.4%	26.8%		27.5%
Gain/(loss) on sale of fixed assets	-	-	-	-
Net interest payable	(29,759)	(31,213)	1,454	(60,575)
STATUTORY SURPLUS/(DEFICIT)	**9,766**	**10,009**	**(243)**	**25,642**
INVESTMENT				
Total Capital Investment Income	13,042	32,650	(19,608)	57,978
Core Investment Programme	26,725	34,906	8,181	72,767
New Build Programme	41,577	55,097	13,520	107,049
Other fixed assets	8,914	9,052	138	14,919
Total Capital Investment Expenditure	77,216	99,055	21,839	194,735
NET CAPITAL INVESTMENT SPEND	**(64,174)**	**(66,405)**	**2,231**	**(136,757)**

Key highlights year to date:

The RSL Borrower group operating surplus to 30 September is £39,525k, £1,697k unfavourable to budget. At the statutory surplus level, a surplus of £9,766k is reported showing an unfavourable variance of £243k compared to the budget. The variance to budget is driven by lower grant income on new build completions, higher repair costs with the remobilisation of repairs services as we moved out of the remaining pandemic restrictions offset by cost savings from our new operating model.

Total income at £149,905k is £3,744k unfavourable to budget:

- Net rental income is £34k unfavourable to budget across the RSLs. There has been an increasing number of voids in GHA mainly due to an increase in the number of empty properties at KALM, New Shaws and Parkview, with new build completions a factor.
- Grant income is £4,177k unfavourable to budget. Grants recognised to date relates to the total of 121 units completed at Bellrock, Auchinlea, Kennishead and Baillieston all GHA developments. The adverse variance is mainly driven by delayed completions of MMR properties at Watson now due to complete later in the year and in Q1 2022/23 and units at South Gilmerton that were expected to be completed by July now delayed until later in the financial year.
- Other income includes unbudgeted furnished lets income of £319k and insurance income of £126k (offset with costs for furnished lets packages provided of £250k and insurance costs of £142k in running costs).

Total expenditure at £110,380k is £2,048k favourable to budget:

- Employee costs are £700k favourable to budget which is due to a combination of both vacancies compared to the budgeted structure and the phasing of the uptake of the home working allowance by staff.
- Running costs are £962k favourable to budget. Our new ways of working have enabled us to make operational cost savings. Home based working has resulted in reduced activity in certain Solutions areas and we are seeing lower property and office running costs. This is offset by unbudgeted furnished lets costs of £250k and insurance costs of £142k both funded by additional income.
- Revenue repairs and maintenance spend is £725k unfavourable to budget. with favourable variances to budget seen across compliance and cyclical repairs offset by higher than budgeted levels of responsive repairs primarily driven by higher customer demand as pandemic restrictions have been removed over the summer period.
- Interest payable represents the interest due on the loans due to Wheatley Funding Ltd 1 and is £1,454k favourable to budget following re-structuring of WFL1 loans in March 2021.

Net capital expenditure is £2,231k lower than budget.

- Lower grant claims match the lower spend levels to date with grant at Sighthill claimed early in 2020/21.
- Core programme spend is £8,181k lower than budget. While savings have been made in the West and the East it is anticipated that spend will accelerate during Q3 and Q4 in line with the planned project values with internal work recommencing. There have also been savings of £1.2m from the VAT Shelter arrangement.
- New build spend continues to be lower than budget mainly driven by material supply issues and some site approval dates being delayed. Greater spend had been anticipated across a number of sites for GHA including Calton Village, Sighthill and Hurlford Avenue, however there are also lower levels of spend at WLHP, at Almondvale, Jarvey Street, Blackness Road, Sibbalds Brae, offset by an increase in spend at Winchburgh O.

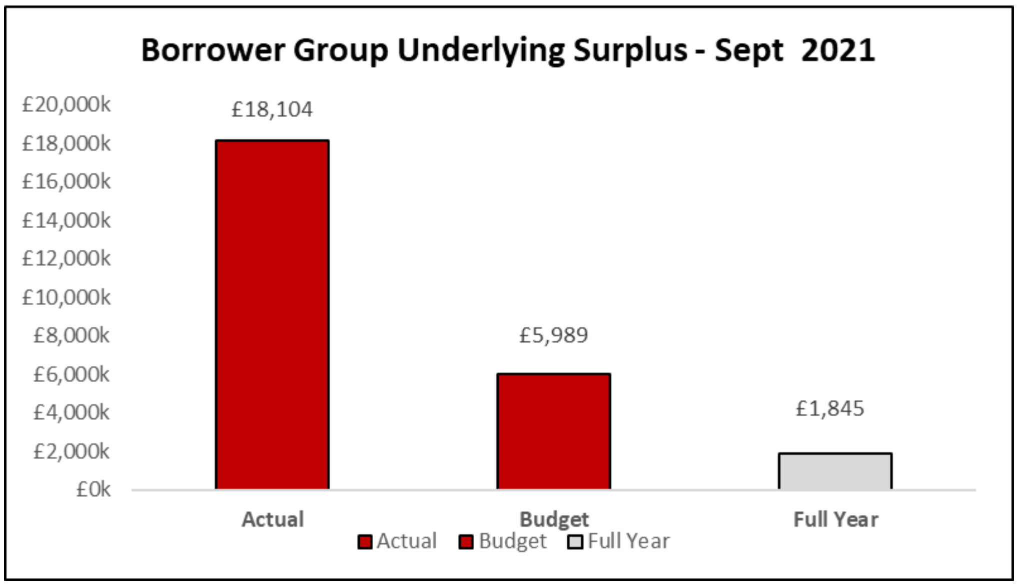
2b) RSL Borrower Group underlying surplus – year to date

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 six months to September 2021, an underlying surplus of £18,104k has been generated using this measure which is £12,115k favourable to budget. The variance is driven by the lower levels of core investment expenditure, savings in running costs, lower bad debt costs and lower interest costs.



2c) GHA – Year to date

	Year to 30 September 2021			Full Year
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	Budget £ks
INCOME				
Rental Income	£99,535	£99,456	£79	£198,828
Void Losses	(£901)	(£702)	(£199)	(£1,410)
Net Rental Income	**£98,634**	**£98,754**	**(£120)**	**£197,418**
Grant Income	£9,557	£10,686	(£1,129)	£28,859
Other Income	£14,950	£14,447	£503	£18,750
Total Income	**£123,141**	**£123,887**	**(£746)**	**£245,027**
EXPENDITURE				
Employee Costs - Direct	£16,860	£17,401	£541	£35,238
Employee Costs - Group Services	£5,755	£5,831	£76	£11,162
ER / VR	£414	£420	£6	£2,741
Direct Running Costs	£5,533	£5,573	£40	£11,504
Running Costs - Group Services	£3,508	£4,272	£764	£8,054
Revenue Repairs and Maintenance	£19,084	£18,921	(£163)	£37,726
Bad debts	£1,576	£2,006	£430	£4,074
Depreciation	£34,273	£34,273	£0	£68,939
Demolition and Tenants Compensation	£99	£568	£469	£1,205
TOTAL EXPENDITURE	**£87,102**	**£89,265**	**£2,163**	**£180,644**
NET OPERATING SURPLUS / (DEFICIT)	**£36,039**	**£34,622**	**£1,417**	**£64,383**
Net operating margin	*29.3%*	*27.9%*	*1.3%*	*26.3%*
Net Interest payable & similar charges	(£24,128)	(£25,064)	£936	(£50,123)
STATUTORY SURPLUS / (DEFICIT)	**£11,911**	**£9,558**	**£2,353**	**£14,259**

INVESTMENT	Year to 30 September 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Total Capital Investment Income	**£4,707**	**£18,266**	**(£13,559)**	**£28,458**
Total Expenditure on Core Programme	£22,634	£29,632	£6,999	£61,803
New Build & other investment expenditure	£20,602	£30,415	£9,813	£55,725
Other Capital Expenditure	£8,242	£8,380	£138	£12,438
TOTAL CAPITAL EXPENDITURE	**£51,478**	**£68,427**	**£16,950**	**£129,966**
NET CAPITAL EXPENDITURE	**£46,771**	**£50,161**	**£3,391**	**£101,508**

GHA

Key highlights year to date:

The GHA budget includes the stock transferred from Cube from 28 April 2021.

- Net operating surplus £36,069k is £1,417k favourable to budget. Statutory surplus for the period to 30 September is £11,911k, £2,353k favourable to budget. The main drivers of the variance continue to be lower levels of spend across all expenditure lines with the exception of revenue repairs, consistent with the changes to the business in response to the pandemic, lower interest costs following the fixed rate restructuring in March 2021 offset by lower level of grant income.
- Net rental income of £98,634k is £120k lower than budget at the end of Q2. Void losses are £199k higher than budget and represent a 0.9% loss rate compared to budget of 0.7%. The increase in void loss is due to an increase in number of voids in Kennishead, New Shaws and Parkview due to existing customers transferring into new builds and delays in materials impacting void repairs and decanted properties also a factor.
- Grant income recognised to date relates to the total of 121 units completed at Bellrock, Auchinlea, Kennishead and Baillieston. The budget assumed that 46 MMR properties completing at Watson in Q2 which are delayed due to the ongoing construction and supply issues. These are now due to complete in Q1 2022/23.
- Total employee costs are £616k under budget, including employee recharges from Solutions, under budget by £76k linked to vacancies in the structure.
- Total running costs are £805k favourable to budget. Group recharges are driving the main reductions to budget, showing a favourable variance of £764k, driven by the savings in Solutions resulting from a continuation of home working
- Revenue repairs and maintenance expenditure is £163k unfavourable to budget, with favourable variances to budget seen across compliance and cyclical repairs offset by higher than budgeted levels of responsive repairs. Responsive repairs are £303k higher than budget at September primarily driven by higher customer demand.
- The net capital expenditure of £46,772k is £3,389k lower than budget. Grant income of £4,707k has been received with the variance driven by the lower level of spend in the new build programme and the accelerated grant claim in 20/21 for Sighthill .
- Core capital investment programme spend is £6,999k lower than budget as the remobilisation of activities continues with mainly spend on central heating, Highrise, lifts and compliance capital. The underspend is primarily in the windows programme, ICW costs and a large element of GHA works still falling under the VAT shelter with a saving of £1.2m attributable to this.
- New build spend is £9,813k lower than budget. Higher levels of spend had been anticipated for all sites including Calton Village and Hurlford Avenue, both later site starts than anticipated, with Sighthill, Hurlford Avenue and Watson sites, all significantly under the budget at the half year. Progress on Sighthill has been slower to date under the restrictions and a delay in handover of the sites to the developer by GCC had also delayed progress.
- Other capital expenditure of £8,242k is £138k lower than budget. Other capital spend includes £4.4m for the Wheatley House works.

2d) Cube – Year to date

	Year to 30 September 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	£3,047	£3,053	(£6)	£3,053
Void Losses	(£53)	(£136)	£83	(£136)
Net Rental Income	**£2,994**	**£2,917**	**£77**	**£2,917**
Grant Income	£44	£47	(£3)	£47
Other Income	£39	£42	(£3)	£42
TOTAL INCOME	**£3,077**	**£3,006**	**£71**	**£3,006**
EXPENDITURE				
Employee Costs - Direct	£550	£582	£32	£582
Employee Costs - Group Services	£131	£124	(£7)	£124
ER / VR	£0	£0	£0	£0
Direct Running Costs	£234	£253	£19	£253
Running Costs - Group Services	£71	£90	£19	£90
Revenue Repairs and Maintenance	£577	£435	(£142)	£435
Bad debt costs	£17	£82	£65	£82
Depreciation	£1,503	£1,503	£0	£1,503
TOTAL EXPENDITURE	**£3,083**	**£3,069**	**(£14)**	**£3,070**
NET OPERATING SURPLUS / (DEFICIT)	**(£6)**	**(£63)**	**£57**	**(£64)**
Net operating margin	*-0.2%*	*-2.1%*	*1.9%*	*-2.1%*
Net Interest payable & similar charges	(£676)	(£748)	£72	(£748)
STATUTORY SURPLUS / (DEFICIT)	**(£682)**	**(£811)**	**£129**	**(£812)**
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	**£1,541**	**£1,671**	**(£130)**	**£1,671**
Total Expenditure on Core Programme	£441	£358	(£83)	£358
New Build & other investment expenditure	£1,386	£1,817	£431	£1,817
Other Capital expenditure	£45	£65	£20	£65
TOTAL CAPITAL EXPENDITURE	**£1,872**	**£2,240**	**£368**	**£2,241**
NET CAPITAL EXPENDITURE	**£331**	**£569**	**£238**	**£570**

Key highlights year to date:

Results are presented for Cube for the period of trading up to the transfer of engagements to Loretto Housing Association on 28 July 2021.

Net operating deficit of £6k is £57k favourable to budget. Statutory deficit for the year to date is £682k, £129k favourable to budget.

- Rental income of £3,047k is broadly in line with budget. Void losses in the year to date are 1.74% against a budget of 4.45%, generating a favourable variance of £82k.
- Other income includes any income from non-social housing stock and district heating schemes (prior to transferring to GHA on 28 April).
- Direct employee costs of £550k are £32k favourable to budget, following transfer of a number of Cube's housing staff to GHA on 28 April, three days earlier than the budget assumed. Group Services Employee Costs of £131k represents Cube's share of Wheatley Solutions staff up to the point of transfer.
- Direct Running Costs are favourable to budget by £19k, as a result of an under spend on Initiatives. Group Services Running Costs of £71k represents Cube's share of Wheatley Solutions running costs.
- Revenue repairs and maintenance expenditure is £141k unfavourable to budget, mainly due to the acceleration of the compliance based cyclical maintenance programme. Reactive maintenance reported an under spend to budget for the period to 31 July.
- Bad debts report a favourable variance to budget. A prudent approach to Universal Credit was taken when setting the budget.
- Gross interest payable of £676k represents interest due on the loans due to Wheatley Funding Ltd 1. A saving to budget is reported following the restructuring of WFL1's loans in March.

Net capital expenditure of £331k is £238k lower than the budget primarily as a result of the timing of new build spend.

- The majority of capital investment income and new build spend relates to Queens Quay.
- Investment works expenditure of £441k is for internal common works and compliance capital (both part of core programme works), voids and capitalised repairs.
- Other capital expenditure of £45k relates to Cube's share of group wide IT investment.

2e) West Lothian Housing Partnership – Year to date

WEST LOTHIAN Housing Partnership

	Year to 30 September 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	£1,869	£1,870	(£1)	£3,920
Void Losses	(£5)	(£26)	£21	(£51)
Net Rental Income	**£1,864**	**£1,844**	**£20**	**£3,869**
Grant Income	£0	£0	£0	£12,467
Other Income	£1	£0	£1	£32
TOTAL INCOME	**£1,865**	**£1,844**	**£21**	**£16,368**
EXPENDITURE				
Employee Costs - Direct	£256	£281	£25	£581
Employee Costs - Group Services	£36	£36	£0	£69
ERVR	£0	£0	£0	£0
Direct Running Costs	£126	£156	£30	£296
Running Costs - Group Services	£26	£26	£0	£49
Revenue Repairs and Maintenance	£292	£290	(£2)	£647
Bad debts	£3	£26	£23	£51
Depreciation	£1,032	£1,032	£0	£2,065
TOTAL EXPENDITURE	**£1,771**	**£1,847**	**£76**	**£3,758**
NET OPERATING SURPLUS / (DEFICIT)	**£94**	**(£3)**	**£97**	**£12,610**
Net operating margin	*5.0%*	*-0.2%*	*5.2%*	*77.0%*
Interest receivable	-	-	-	-
Interest payable & similar charges	(£554)	(£632)	£78	(£991)
STATUTORY SURPLUS / (DEFICIT)	**(£460)**	**(£635)**	**£175**	**£11,620**
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	**£1,554**	**£3,751**	**(£2,197)**	**£7,274**
Total Expenditure on Core Programme	£355	£431	£76	£828
New Build & other investment expenditure	£4,418	£7,790	£3,372	£15,975
Other capital expenditure	£37	£33	(£4)	£67
TOTAL CAPITAL EXPENDITURE	**£4,810**	**£8,254**	**£3,444**	**£16,870**
NET CAPITAL EXPENDITURE	**£3,256**	**£4,503**	**£1,247**	**£9,596**

Key highlights year to date:

- Net operating surplus of £94k is £97k favourable to budget. Statutory deficit for the period to 30 September is £460k, £175k favourable to budget with main drivers being lower interest costs, running & staff costs and bad debts compared to budget.
- Total income is £21k favourable to budget with net rental income £20k favourable to budget due to lower levels of void loss.
- Total expenditure of £1,771k is £76k favourable to budget. Employee costs of £256k are £25k favourable to budget, due to a Housing Officer vacancy and staff recharges for one FTE to a different group subsidiary which were not budgeted.
- Running costs are £30k favourable to budget resulting from savings in office running costs generated while staff continue to work from home.
- Gross interest payable of £554k is £78k favourable to budget following the re-structuring of WFL 1 fixed rate loans in March.
- Core investment expenditure of £355k is £76k below budget, it is expected spend will be in line with budget by year end as works fully resume.
- New Build expenditure of £4,418k is reported at the end of period 6 with the variance of £3,372k driven by delayed spend at several sites including Almondvale (£0.9m), Jarvey Street (£0.3m), Blackness Road (£0.7m) and Sibbalds Brae (£2.0m) where later Planning approval has been delayed and is now anticipated to be issued in October 2021. This site will now progress as a golden brick development with minimal spend now expected this year. The overall overspend is offset by Winchburgh O (£0.8m over budget to date) .
- Grant income of £1,554k has been received in the year to date for Winchburgh O. The budget of £3,751k included expected grant receipts for Winchburgh O, Sibbalds Brae and Blackness Road. The variance against budget reflects the lower than budgeted expenditure detailed above.

2f) Loretto Housing – Year to date

	Period To 30 September 2021 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INCOME				
Rental Income	5,146	5,138	8	12,188
Void Losses	(132)	(166)	34	(393)
Net Rental Income	**5,014**	**4,972**	**42**	**11,795**
Other Income	**146**	**143**	**3**	**295**
Grant Income	**43**	**60**	**(17)**	**167**
Total Income	**5,204**	**5,175**	**29**	**12,257**
EXPENDITURE				
Employee Costs - Direct	867	861	(5)	2,120
Employee Costs - Group Services	156	162	6	398
ER / VR	0	0	0	0
Direct Running Costs	820	834	14	1,752
Running Costs - Group Services	90	117	27	287
Revenue Repairs and Maintenance	1,093	1,006	(87)	1,941
Bad debts	39	138	99	328
Depreciation	2,446	2,446	0	6,003
TOTAL EXPENDITURE	**5,510**	**5,565**	**55**	**12,828**
OPERATING SURPLUS / (DEFICIT)	**(306)**	**(389)**	**83**	**(571)**
Interest Payable	(972)	(1,063)	91	(2,514)
STATUTORY SURPLUS / (DEFICIT)	**(1,278)**	**(1,452)**	**174**	**(3,085)**

	Period To 30 september 2021 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INVESTMENT				
Total Capital Investment Income	**2,645**	**3,424**	**(779)**	**6,260**
Investment Works	646	848	202	2,834
New Build	6,905	5,462	(1,443)	11,956
Other Capital Expenditure	119	138	19	351
TOTAL CAPITAL EXPENDITURE	**7,670**	**6,448**	**(1,222)**	**15,142**
NET CAPITAL EXPENDITURE	**5,025**	**3,024**	**(2,001)**	**8,881**

Key highlights year to date:

The Loretto Housing budget includes the Cube stock and transfer of engagements from 28 July 2021.

Net operating deficit of £306k is £83k favourable to budget. Statutory deficit for the year to date is £1,278k, £174k favourable to budget. The main driver of the favourable variance is lower bad debts and interest payable. The results at September include the activities transferred from Cube Housing Association from 28 July which were budgeted on the same basis.

- Gross rental income of £5,146k is £8k favourable to budget. Void losses in the year to date are 2.57% against a budget of 3.23%. There has been a notable improvement in voids since the implementation of new referral criteria at Broad St, one of Loretto's three temporary accommodation sites.
- Grant income relates to medical adaptations.
- Employee costs are £5k unfavourable to budget, this is due to the unbudgeted Community Engagement Officer's post and handover and training period for a small number of new staff joining the team. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £14k favourable to budget, with a number of budget lines showing underspends. Group Services Running Costs of £90k represents Loretto's share of Wheatley Solutions running costs.
- Revenue repairs and maintenance expenditure is £87k unfavourable to budget as a result of higher than budgeted cyclical maintenance and Communal Electricity, this is partially offset with a reduction in reactive repairs costs.
- Bad debts are £99k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £972k represents interest due on the loans due to Wheatley Funding Ltd. YTD costs are £91k lower than budget, following the restructure of WFL1's loans in March.
- The net capital position of £5,025k is £2,001k higher than budget. This is due to the timing of new build spend.
- Investment works expenditure of £646k mainly relates to capitalised repairs and core programme works, including capital compliance work and M&E work.
- New build expenditure of £6,905k, is £1,443k higher than budget due to reprofiling from 2020/21 and relates mainly to 4 ongoing sites – Hallrule, Dargavel, Cobblebrae Farm and Queens Quay, with Hallrule and Queens Quay driving the higher spend year to date. Approx. £1.6m of the capital investment income received is for Hallrule, with the remainder being for Cobblebrae (£647k) and Queens Quay £339k.
- Other capital expenditure of £119k relates to the Loretto contribution to Wheatley Group IT. Full year budget includes £108k budgeted for office refurb and conversion of housing properties previously used as offices by Wheatley Care.

2g) Dunedin Canmore – Year to date

	Year to 30 September 2021 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	£15,380	£15,457	(£77)	£30,985
Void Losses	(£164)	(£188)	£24	(£376)
Net Rental Income	**£15,216**	**£15,269**	**(£53)**	**£30,609**
Grant Income	£0	£3,028	(£3,028)	£4,909
Other Income	£1,511	£1,470	£41	£3,158
TOTAL INCOME	**£16,727**	**£19,767**	**(£3,040)**	**£38,676**
EXPENDITURE				
Employee Costs - Direct	£1,997	£2,028	£31	£4,862
Employee Costs - Group Services	£814	£816	£2	£1,562
ER / VR	£0	£0	£0	£0
Direct Running Costs	£1,726	£1,724	(£2)	£3,210
Running Costs - Group Services	£476	£526	£50	£1,123
Other group services recharges	£0	£0	£0	£0
Revenue Repairs and Maintenance	£2,428	£2,018	(£410)	£4,438
Bad debts	£127	£148	£21	£296
Depreciation	£5,454	£5,454	£0	£10,908
TOTAL EXPENDITURE	**£13,022**	**£12,714**	**(£308)**	**£26,399**
NET OPERATING SURPLUS	**£3,705**	**£7,053**	**(£3,348)**	**£12,277**
Net operating margin	*22.1%*	*35.7%*	*-13.5%*	*31.7%*
Gain/(loss) on property disposals	-	-	-	£0
Interest receivable		£3	(3)	-
Net Interest payable & similar charges	(£3,429)	(£3,704)	£275	(£7,274)
STATUTORY (DEFICIT)/SURPLUS	**£276**	**£3,352**	**(£3,076)**	**£5,003**
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	**£2,595**	**£5,538**	**(£2,943)**	**£14,315**
Total Expenditure on Core Programme	£2,649	£3,637	£988	£6,944
New Build & other investment expenditure	£8,266	£9,613	£1,347	£21,576
Other Capital Expenditure	£471	£436	(£35)	£1,008
TOTAL CAPITAL EXPENDITURE	**£11,386**	**£13,686**	**£2,300**	**£29,528**
NET CAPITAL EXPENDITURE	**£8,791**	**£8,148**	**(£643)**	**£15,213**

Key highlights year to date:

Net operating surplus of £3,705k is £3,348k adverse to budget. Statutory surplus for the period to 30 September is £276k, £3,076k adverse to budget. The main driver of the variance is in new build grant with no amounts yet recognised in the year against a budget of £3,028k. Units at South Gilmerton were expected to be completed in May, July and September, now delayed until later in the year.

- Net rental income is £53k adverse to budget. Gross rent is £77k adverse to budget driven by the new build units for South Gilmerton being completed later than budgeted. Void losses are £24k favourable to budget. Other Income is £41k favourable to budget, driven by the workshop which is reporting a profit of £108k against a budget of £29k.

- Total expenditure is £308k adverse to budget. Revenue repairs and maintenance costs are £410k adverse to budget driven by reactive repairs which are £413k higher than budget as a result of increased demand after covid restrictions have been eased. Cyclical repairs including compliance work are £3k favourable to budget to September.

- Employee costs are showing favourable variances to budget, largely due to unbudgeted staff secondments to other subsidiaries. Group running cost recharges are favourable to budget due to savings generated in office running costs while staff remain working from home.

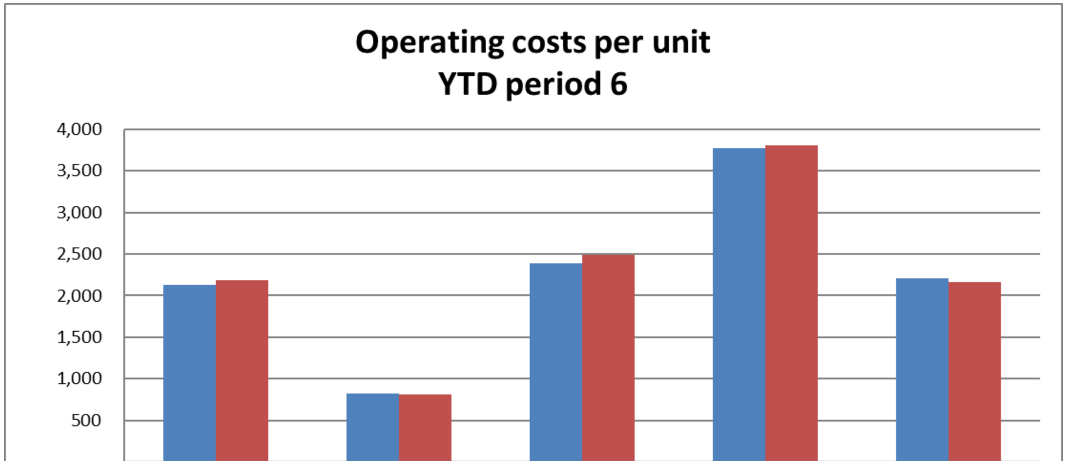
- Interest expenditure of £3,429k is £275K favourable to budget with lower interest rates on borrowings following the fixed rate loan restructuring in March 2021.

- In Capital, grant income of £2,595k has been received in relation to claims for the Wisp 3C, Roslin, Penicuik and South Gilmerton.

- Investment expenditure on existing properties is £988k lower than budget. This is largely as a result of the final stages of remobilisation as well as issues with supply of materials.

- New build spend of £8,266k is £1,347k lower than budget mainly as a result of slower progress and delays on site at South Gilmerton and Rowanbank year to date.

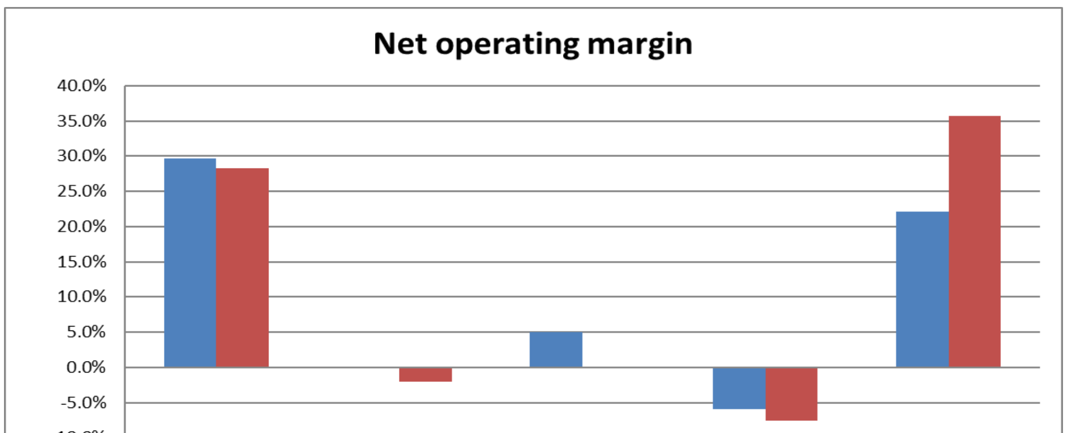
3) Summary of RSL operating costs and margin v budget



	GHA	Cube	WLHP	LHA	DCH
Actual	2,130	819	2,387	3,769	2,209
Budget	2,183	815	2,488	3,806	2,157

Operating costs per unit:

- At period 6 GHA, Cube WLHP and Loretto are reporting favourable or in line with budgeted operating costs per unit for the year to date.
- In Dunedin Canmore, operating costs per unit are marginally higher than budget with higher spend in repairs.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.



	GHA	Cube	WLHP	LHA	DCH
Actual	29.6%	-0.2%	5.0%	-5.9%	22.1%
Budget	28.2%	-2.1%	-0.1%	-7.5%	35.7%

Net operating margin:

- Net operating margin is favourable to budget in all subsidiaries for the year to date with the exception of Dunedin Canmore where higher levels of repairs spend and lower levels of grant income are reported compared to budget. Similar to operating costs, favourable variances across expenditure lines is driving higher margins in the other RSLs.

Wheatley Group Financial Report
To 30 September 2021 (Period 6)

Dumfries & Galloway Housing Partnership (DGHP)

4) Dumfries and Galloway Housing Partnership – Year to date

DGHP

OPERATING STATEMENT	Year to September 2021 Actual £ks	Budget £ks	Variance £ks	Full year Budget £ks
INCOME				
Rental Income	22,932	22,735	197	44,772
Void Losses	(180)	(173)	(7)	(344)
Net Rental Income	**22,752**	**22,562**	**190**	**44,428**
Grant Income	3,415	957	2,458	5,291
Other Income	1,587	1,460	128	2,655
TOTAL INCOME	**27,755**	**24,979**	**2,776**	**52,374**
EXPENDITURE				
Employee Costs - Direct	1,818	1,884	65	4,344
Employee Costs - Group Services	885	1,027	142	1,918
Transformation budget		-	-	305
Direct Running Costs	1,537	1,584	47	2,785
Running Costs - Group Services	1,033	1,125	92	2,231
Revenue Repairs and Maintenance	4,673	5,309	636	9,909
Bad debts	200	526	326	1,052
Depreciation	5,755	5,755	-	11,510
Demolition		-	-	244
TOTAL EXPENDITURE	**15,901**	**17,209**	**1,308**	**34,298**
NET OPERATING SURPLUS	**11,854**	**7,769**	**4,084**	**18,076**
Net operating margin	*43%*	*31%*		*35%*
Interest Receivable and similar income	3	71	(67)	141
Net Interest payable & similar charges	(3,190)	(3,172)	(18)	(6,249)
STATUTORY SURPLUS	**8,667**	**4,668**	**3,999**	**11,968**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Full year Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	**432**	**3,131**	**(2,699)**	**6,855**
Total Expenditure on Core Programme	11,577	17,463	5,886	32,816
New Build	4,980	8,386	3,406	16,970
Other Capital Expenditure				
Premises	137	1,018	881	2,035
IT	866	1,088	222	2,176
TOTAL CAPITAL EXPENDITURE	**17,560**	**27,955**	**10,395**	**53,997**
NET CAPITAL EXPENDITURE	**17,129**	**24,824**	**7,696**	**47,142**

Key highlights year to date :

Net operating surplus of £11,853k is £4,084k favourable to budget. Statutory surplus for the period is £8,666k, £3,998k favourable to budget. The key driver of the variance is in higher grant income due to timing of new build completions at Lincluden and lower expenditure, most notably in repairs compliance works.

- Net Rental income is £197k favourable to budget, benefitting from the earlier completions at Sanquhar and the recent completions at Lincluden which were budgeted for March 2022. YTD Void losses represent 0.78% of gross rent. Garage rent is reported in other income consistent with the other RSLs.
- Grant income to date is £2,458k favourable to budget. The budget was based on 12 completions at Sanquhar in the year which were recognised in March 2021 on early completion. Actual grant income relates to the 5 units at Monreith which were delayed from the prior year and Phase 1 (26 of 32 units) at Lincluden handed over in September.
- Other income is £127k favourable to budget driven by the first quarter Aids and Adaptations claim which is already more than 50% of the budgeted amount,. The bid for A&A has been accepted at £604k which is £100k more than anticipated for the full year.
- Total expenditure is favourable to budget by £1,309k with most costs favourable to budget at P6.
- Direct running costs are £47k favourable to budget, as the new Hub is not yet operational which is continuing to yield savings. Also budgeted is the Handy Man service which has been absorbed by repairs team.
- Repairs costs of £4,673k are favourable to budget by £636k due to slower mobilisation across compliance workstreams. Gas servicing is yielding savings of £94k following the transfer in-house from Saltire due to no longer paying VAT on staff. Timing of spend on FIT and other compliance is contributing to the underspend in that area of £786k.
- Grant claims of £432k have been received in September in relation to Eastriggs. The budget assumed income would have been received for Lincluden, however the Lincluden cash claims against cost were made in full in 20/21.
- Core programme is £5,886k lower than budget across all lines of expenditure. Most notably mobilisation of the windows and heating programme has been slower than expected due to availability of supplies in these areas.
- New Build expenditure is £3,406k lower than budget, driven by lower levels of spend versus budget at Lincluden which had accelerated spend in Q4 of 2020/21 and Sanquhar which was completed early in March 2021.

Wheatley Group Financial Report
To 30 September 2021 (Period 6)

Care and Commercial

5a) Wheatley Care – Year to date

WHEATLEY CARE - COMPANY	Year to 30 September 2021 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Care Projects	9,975	10,026	(52)	20,035
COVID 19 PPE Reclaim Income	32	-	32	-
Head Office	52	50	2	101
TOTAL INCOME	**10,059**	**10,076**	**(17)**	**20,136**
CARE CONTRACT COSTS				
Employee Costs - Care Contracts	7,564	7,909	345	15,818
Running Costs - Care Contracts	1,167	1,147	(21)	2,294
TOTAL CARE CONTRACT COSTS	**8,731**	**9,056**	**324**	**18,112**
EXPENDITURE				
Employee Costs - Head Office	715	625	(90)	1,250
Employee Costs - Group Services	81	81	(0)	154
ER/VR	-	-	-	-
Head Office Running Costs	111	90	(21)	181
Running Costs - Group Services	42	44	3	97
Group recharges - PPE	92	-	(92)	-
Management fee payable to LHA	115	115	-	231
TOTAL EXPENDITURE	**1,158**	**956**	**(201)**	**1,913**
SURPLUS/(DEFICIT)	**170**	**65**	**105**	**111**

Key highlights year to date:

- Net Operating surplus of £170k is £105k favourable to budget for the 6 months to September 2021. Total income is £17k adverse to budget, offset by lower Care contract employee costs. Unbudgeted PPE costs of £92k are reported, as well as a reclaim of £32k received for these costs.
- Total Care Project income of £9,975k is £52k unfavourable to budget largely driven by lower levels of TSS income, albeit this service is neutral on the bottom line. In total, external service income is £49k higher than budget but there are notable variances for specific services:
    - Fordneuk and ARBD Care Home improved in the period but for the year to date are reporting fewer hours and lower occupancy levels against budget (£26k and £5k less income than budgeted respectively)
    - Fife Supported Accommodation reported £48k lower income than budgeted following a number of voids
    - West Lothian contracts are reporting an adverse variance of £45k with uplifts assumed in the budget not awarded.
    - Housing Support Service in Dumfries is reporting unbudgeted income of £131k.
- Uplifts of 2.2% have been applied to income in the Glasgow services, Edinburgh SDS, Falkirk and Grangemouth, Falkirk SDS and Fife Supported services, and also applied to the rate elements within the West Lothian services – but not to the Core and Cluster elements. All other services have not had any uplift applied.
- Employee Costs – Care Contracts expenditure of £7,564k is £345k favourable to budget. The staff cost saving relates to a number of services operating with staff vacancies compared to budget. Staff savings are mostly linked to fewer hours being delivered at services, and management of customer vacancies. Staff levels are monitored monthly and adjusted to meet individual service needs. The Glasgow, Fife and Edinburgh services are the main contributors to the year to date underspend with favourable variances against budget of £134k, £61k and £72k respectively.
- Running Costs – Care Contract costs of £1,167k are £21k adverse to budget with higher spends on telephone and mobile costs as well as staff travel and cleaning costs in some services with the advanced cleaning regime.
- Employee Costs – Head Office expenditure of £715k is £90k adverse to budget, with the current structure different to budget for the year to date. Central support staff were increased (after the budget had been set) following on from a review of the strategy.
- Head Office Running Costs– Head Office Costs are inclusive of a £10k contribution from Care to the Ensemble project and £9k of training and community event invoices. These costs were not included in the budget.
- Group recharges – PPE unbudgeted costs total £92k. Claims have been submitted to local authorities and the position will remain under review.

5b) Lowther – Year to date

[redacted]

6) Wheatley Solutions – Year to date

EXPENDITURE	Year to Sept 2021 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
Employee costs				
Executive Team	725	739	14	1,411
Employee Relations and WFP	1,122	1,094	(28)	2,170
Marketing and Communications	337	383	46	760
Assurance	349	349	0	693
Academy	262	234	(28)	461
Finance	1,765	1,754	(12)	3,477
Company Secretary	458	474	17	943
Information Technology	779	754	(26)	1,490
Business Growth	343	422	79	836
Wheatley Hub	2,196	2,203	7	4,346
Property	559	562	3	1,156
Wheatley 360	156	197	41	390
Furlough income	(75)	0	75	0
Total employee costs	8,932	8,981	49	17,766
Running costs				
Executive Team	36	134	99	346
Employee Relations and WFP	261	408	147	791
Marketing and Communications	189	244	55	487
Assurance	8	48	40	97
Academy	144	393	249	785
Finance	336	348	12	696
Company Secretary	250	370	120	739
Information Technology	2,677	2,715	38	5,430
Business Growth	66	153	87	306
Wheatley Hub	6	33	27	66
Property	793	734	(59)	1,459
Wheatley 360	9	10	1	20
Total running costs	5,124	5,940	815	11,921
Regulated insurance activities	1,758	1,805	46	3,609
Head office costs	740	740	0	1,479
TOTAL EXPENDITURE	16,554	17,465	910	34,776

Key highlights year to date:

The table presents the financial performance of Wheatley Solutions for the 6 month period ended 30 September 2021. Both employee costs and running costs are recovered in full by way of a recharge to each of the group subsidiaries.

Overall, Wheatley Solutions reports total expenditure of £16,603k for the year to date. This is £864k lower than budget for the period with both employee and running costs being favourable to budget.

Employee costs of £8,932k are £49k favourable to budget for the period:

- A number of departments report small variances against budget which relate to timing differences of when the annual home working allowance has been claimed and maternity and sickness cover. The departments reporting larger favourable variances to budget relate to budgeted vacancies.
- IT, Employee Relations and Academy are higher than budget following on from changes to the budgeted structure as at 1 April 2021. Finance is higher as a result of maternity leave cover.

Running costs of £5,124k are favourable to budget by £815k for the period. The key variances within this are:

- A number of the departments report lower costs across Wheatley Solutions with large numbers of staff continuing to work from home. Reduced activity in Academy, Business Growth (lower litigation costs), Company Secretary, Employee Relations (lower health and wellbeing claims) and marketing expenditure are the areas contributing most to savings against budget.
- Property team reports spend of £793k which is £59k higher than budget. This relates to external legal advice with regards to two contractor negligence claims. This was not factored into the budget but is offset by savings against budget as a result of lower office running costs being incurred during the period of Wheatley House being refurbished.
- The Group wide consultancy budget sits with the executive team cost centre and is driving the favourable variance reported.

Regulated insurance activities are lower than budget for the period with lower uptake of contents insurance.

7) Wheatley Foundation – Year to date

	YTD Sept 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Donations from Wheatley subsidiaries	1,325	1,325	0	4,000
Employability Grants	34	20	14	40
External income	346	362	(16)	973
Total Income	**1,705**	**1,708**	**(2)**	**5,013**
EXPENDITURE				
Overheads	511	551	40	1,103
Tackling Poverty & Social Inclusion	377	320	(57)	792
Education	81	83	2	251
Digital Inclusion	0	0	0	64
Employability	208	453	245	1,406
Sports / Arts	33	0	(33)	20
Money/Welfare Benefits advice	780	787	7	1,561
TOTAL EXPENDITURE	**1,990**	**2,194**	**204**	**5,198**
NET OPERATING SURPLUS / (DEFICIT)	**(285)**	**(486)**	**201**	**(185)**

Key highlights to date:

The Wheatley Foundation reports a deficit of £285k for the period. This is £201k favourable to budget. Overall, this leaves the Wheatley Foundation with reserves of £1,287k.

Income of £1,705k is slightly lower than budget by £2k for the period.

- Donations from Wheatley group subsidiaries total £1,325k which is in line with budget.
- The Foundation have a full year target of £973k with respect to external income. At the end of period 6, £346k had been recognised which is £16k lower than the year to date budget. Notable grants and donations received include:
  - GCC grant of £32k to support emergency fuel top ups for the period.
  - Creative Scotland grant of £33k to support artists deliver projects during the year.
  - Community benefit grants to the value of £178k, the majority raised through clauses written into the Group new build framework.

Expenditure of £1,990k is £204k lower than budgeted.

- Overhead costs of £511k are £40k lower than budget, with changes to the budgeted structure at 1 April and lower team running costs as staff work from home.
- Tackling Poverty & Social Inclusion spend of £377k is reported against a budget of £320k. The main project spend for the period relates to:
  - Expenditure funded by grant awards; one of the drivers for this theme being higher than budget for the period. Emergency fuel top ups to the value of £32k are funded by GCC grant, and homelessness project spend of £22k, funded by SFHA.
  - Barony Response Fund payments of £76k. This is higher than budget by £66k and this additional spend which was approved at February 2021 Board, has been reflected in the forecast for the current year.
  - Eat Well spend of £139k. This covers the costs of providing supermarket vouchers to those referred by Wheatley Group subsidiaries.
- Employability expenditure of £208k is £245k lower than budget. The key items of expenditure for the period relate to £71k for the modern apprentice programme and Wheatley Works costs of £87k. Initial project costs of £50k have been incurred in relation to the European Social Fund employability project awarded by GCC. Activity on this project will increase in the second half of the year.
- Money advice team costs of £780k are better than budget by £7k for the year to date.
- Sports and Arts costs of £33k relate to project delivery linked to the Creative Scotland grant award noted above. Budget phasing assumes expenditure later in year.
- Education spend of £81k covers the 1st tranche of bursary payments along with awards to Dolly Parton Imagination Library and Children's University.
- No expenditure is reported to date for Digital Inclusion with the budget profiled for later in the year.

8) City Building (Glasgow) LLP – Year to date

[redacted]

9) Wheatley Group – Consolidated Balance Sheet

	Current Month As at 30 September 2021 £ks	Previous yr end As at 31 March 2021 £ks
Fixed Assets		
Social Housing Properties	2,386,873	2,367,275
Properties under construction	124,154	107,464
Other tangible fixed assets	66,993	59,358
Investment properties	236,081	235,896
Investments -other	116	116
Fixed Assets	**2,814,217**	**2,770,109**
Debtors Due More Than One Year		
Development Agreement	6,264	12,201
Inter Company Loan	0	0
Pension Asset	5,843	5,843
Current Assets		
Stock	2,190	1,919
Trade debtors	30	0
Rent & Service charge arrears	19,119	21,697
less: Provision for rent arrears	(8,224)	(8,019)
Prepayments and accrued income	15,752	14,617
Intercompany debtors	0	0
Other debtors	12,105	14,180
	40,972	**44,394**
Bank & Cash	131,804	132,417
Current Assets	**172,776**	**176,811**
Current Liabilities		
Trade Liabilities	(7,236)	(9,330)
Accruals	(53,053)	(66,347)
Deferred income	(55,623)	(50,964)
Rents & service charges in advance	(12,789)	(10,992)
Intercompany creditors	(0)	0
Other creditors	(13,121)	(13,367)
	(141,822)	**(151,000)**
Net Current Assets	**37,218**	**38,012**
Long Term Liabilities		
Contingent efficiencies grant	(40,704)	(40,704)
Bank finance	(1,219,322)	(1,190,631)
Bond finance	(296,735)	(296,735)
Development Agreement	(6,265)	(12,201)
Provisions	(5,963)	(5,897)
Deferred income	(40,129)	(38,244)
Intercompany creditors	0	0
Loan arrangement fees	0	0
Other creditors	0	0
Pension liability	(11,228)	(11,228)
Long Term Liabilities	**(1,620,346)**	**(1,595,640)**
Net Assets	**1,236,932**	**1,218,324**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	670,828	670,828
Income & Expenditure	18,608	0
Movement in Pensions Provision	0	0
Designated Reserves/gain on business	0	0
Revaluation Reserves	547,496	547,496
Funding Employed	**1,236,932**	**1,218,324**

Key highlights:

- Group net assets stand at £1,237m at 30 September 2021.
- The Balance Sheet as at 31 March 2021 is in line with the audited 20120/21 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 £4.0m lower than the year end position mainly driven by the lower levels of other debtors and lower rent arrears net of provision which fluctuate throughout the year depending on the timing of invoices. Rent arrears net of provision are £10.9m compared to the £13.7m at 31 March 2021.
- Current liabilities are £9.2m lower than the year end position. The main reduction in accruals relates to the payment of break fees in relation to the rearrangement of WFL1s financing arrangement in Mach 2021. The fees were accrued at the financial year end and paid in April 2021.
- Long term liabilities are £24m higher, mainly driven by the receipt of additional drawdowns in June from EIB of £28m offset by a reduction in the VAT shelter development agreement.
- Income and expenditure of £18.6m relates to the group surplus for the year to date.

10) Wheatley Group – Q2 Forecast

Group - £k	FULL YEAR		
	Budget	Q2 Forecast	Variance
INCOME			
Net Rental Income	306,646	306,203	(443)
Grant Income	49,933	46,337	(3,596)
Other Income	52,567	52,526	(41)
Total Group Income	**409,146**	**405,066**	**(4,080)**
EXPENDITURE			
Employee Costs	84,454	84,233	221
ER/VR	3,046	3,046	-
Running Costs	46,565	45,537	1,028
Repairs & Maintenance	57,806	58,966	(1,160)
Irrecoverable VAT & bad debt	6,097	6,134	(37)
Depreciation	100,928	100,928	-
Demolition	1,449	549	900
Total Group Expenditure	**300,345**	**299,393**	**952**
NET OPERATING SURPLUS	**108,801**	**105,673**	**(3,128)**
Net operating margin	26.6%	26.1%	-0.5%
Gain/(loss) on sale of fixed assets	-	(5)	(5)
Net Interest Payable	(69,624)	(65,124)	4,500
STATUTORY SURPLUS	**39,177**	**40,544**	**1,367**
INVESTMENT			
Total Capital Investment Income	(65,693)	(31,185)	(34,508)
Core Investment Programme	106,328	102,072	4,256
New Build Programme	125,310	93,583	31,727
Other fixed assets	19,130	18,120	1,010
NET CAPITAL INVESTMENT SPEND	**185,075**	**182,590**	**2,485**

Key highlights:

The Group forecast full year out-turn at the end of Quarter 2 shows a net operating surplus of £105,673k, which is £3,128k unfavourable to budget and a statutory surplus of £40,544k which £1,367k favourable to budget.

Adjusted EBITDA after excluding grant income on new build completions of £160,264k is forecast compared to an EBITDA of £159,796 budgeted, £468k favourable.

Total income is forecast to be £4,080k lower than budget:

- Net rental income is expected to be £443k unfavourable to budget and includes and lower rental income in the RSLs and Lowther following the reprofiled new build completions. Void losses are assumed to improve through the second half and perform closer to budget.
- Grant income is expected to be £3,596k lower than budget. The forecast is based on the updated profile for 2021/22 completions.
- Other Income is forecast to be broadly in line with budget. Higher levels of income from care services, amounts claimed for aids and adaptations in DGHP and higher levels of income in GHA relating to unfurnished lets and insurance are offset by a reduction in factoring income in Lowther.

Total expenditure is expected to be £952k favourable to budget.

- Employee costs are £221k lower reflecting the savings achieved to date in the first half plus a forecast increase in Solutions staff in the second half for additional posts in the Customer First Centre. Running costs are expected to be £1,028k lower than budget, reflecting the saving year to date plus costs relating to unbudgeted unfurnished lets and insurance funded by income..
- Repairs and maintenance costs are forecast to be £1,160k higher than budget, which includes an additional provision to help meet expected higher levels of demand.
- Demolition spend reflects the reprofiled programme with works at Gallowgate and Wynnford moving forward into 2022/23.
- Interest payments are forecast to be £4,500k lower than budget following the restructure of WFL1 fixed rate loans in March 2021 providing additional financial capacity to the business plan.

Net capital expenditure is forecast to be £2,485k 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 £34,508k.
- The core investment programme reflects the £3,000k (exc. vat) of savings from the capital investment programme (specifically across the RSL borrower group). The Core programme spend is also £1,100k lower in DGHP reflecting the reprofiling of the programme.
- The new build development spend is expected to be £31,727k lower than budget, deferring costs into 2022/23. Spend levels are forecast to be lower across a number of sites including Calton Village and Sighthill in GHA. In DC, Macmerry and Penicuik are forecasting lower spend and with Rowanbank is now a golden brick site this pushes spend out into 2022/23. In WLHP there is lower spend at Sibbalds Brae and Winchburgh 2 and in DGHP Lincluden spend was accelerated in Q4 21/22 so there are lower costs in the current financial year.

Appendix 2: Wheatley Group Financial Report
RSL Borrower Group & Quarterly Covenants
To 30 September 2021 (Period 6)

•Classified as Internal

1a) RSL Borrower Group – Year to date

YTD (£k)	Year to 30 September 2021			Full Year Budget £'000
	ACT £'000	BUD £'000	VAR £'000	
INCOME				
Net Rental Income	123,722	123,756	(34)	246,490
Grant income	9,644	13,821	(4,177)	44,683
Other Income	16,539	16,073	466	22,277
Total Income	**149,905**	**153,649**	**(3,744)**	**313,450**
EXPENDITURE				
Employee Costs	27,422	28,122	700	56,698
ER/VR	414	420	6	2,700
Running Costs	12,610	13,571	961	27,238
Repairs & Maintenance	23,366	22,641	(725)	45,187
Bad debts	1,762	2,400	638	4,831
Depreciation	44,707	44,707	-	89,379
Demolition Programme	99	568	469	1,200
Total Expenditure	**110,380**	**112,428**	**2,048**	**227,233**
NET OPERATING SURPLUS	**39,525**	**41,222**	**(1,697)**	**86,217**
	26.4%	26.8%		27.5%
Gain/(loss) on sale of fixed assets	-	-	-	-
Net interest payable	(29,759)	(31,213)	1,454	(60,575)
STATUTORY SURPLUS/(DEFICIT)	**9,766**	**10,009**	**(243)**	**25,642**
INVESTMENT				
Total Capital Investment Income	13,042	32,650	(19,608)	57,978
Core Investment Programme	26,725	34,906	8,181	72,767
New Build Programme	41,577	55,097	13,520	107,049
Other fixed assets	8,914	9,052	138	14,919
Total Capital Investment Expenditure	77,216	99,055	21,839	194,735
NET CAPITAL INVESTMENT SPEND	**(64,174)**	**(66,405)**	**2,231**	**(136,757)**

Key highlights year to date:

The RSL Borrower group operating surplus to 30 September is £39,525k, £1,697k unfavourable to budget. At the statutory surplus level, a surplus of £9,766k is reported showing an unfavourable variance of £243k compared to the budget. The variance to budget is driven by lower grant income on new build completions, higher repair costs with the remobilisation of repairs services as we moved out of the remaining pandemic restrictions offset by cost savings from our new operating model.

Total income at £149,905k is £3,744k unfavourable to budget:

- Net rental income is £34k unfavourable to budget across the RSLs. There has been an increasing number of voids in GHA mainly due to an increase in the number of empty properties at KALM, New Shaws and Parkview, with new build completions a factor.
- Grant income is £4,177k unfavourable to budget. Grants recognised to date relates to the total of 121 units completed at Bellrock, Auchinlea, Kennishead and Baillieston all GHA developments. The adverse variance is mainly driven by delayed completions of MMR properties at Watson now due to complete later in the year and in Q1 2022/23 and units at South Gilmerton that were expected to be completed by July now delayed until later in the financial year.
- Other income includes unbudgeted furnished lets income of £319k and insurance income of £126k (offset with costs for furnished lets packages provided of £250k and insurance costs of £142k in running costs).

Total expenditure at £110,380k is £2,048k favourable to budget:

- Employee costs are £700k favourable to budget which is due to a combination of both vacancies compared to the budgeted structure and the phasing of the uptake of the home working allowance by staff.
- Running costs are £962k favourable to budget. Our new ways of working have enabled us to make operational cost savings. Home based working has resulted in reduced activity in certain Solutions areas and we are seeing lower property and office running costs. This is offset by unbudgeted furnished lets costs of £250k and insurance costs of £142k both funded by additional income.
- Revenue repairs and maintenance spend is £725k unfavourable to budget. with favourable variances to budget seen across compliance and cyclical repairs offset by higher than budgeted levels of responsive repairs primarily driven by higher customer demand as pandemic restrictions have been removed over the summer period.
- Interest payable represents the interest due on the loans due to Wheatley Funding Ltd 1 and is £1,454k favourable to budget following re-structuring of WFL1 loans in March 2021.

Net capital expenditure is £2,231k lower than budget.

- Lower grant claims match the lower spend levels to date with grant at Sighthill claimed early in 2020/21.
- Core programme spend is £8,181k lower than budget. While savings have been made in the West and the East it is anticipated that spend will accelerate during Q3 and Q4 in line with the planned project values with internal work recommencing. There have also been savings of £1.2m from the VAT Shelter arrangement.
- New build spend continues to be lower than budget mainly driven by material supply issues and some site approval dates being delayed. Greater spend had been anticipated across a number of sites for GHA including Calton Village, Sighthill and Hurlford Avenue, however there are also lower levels of spend at WLHP, at Almondvale, Jarvey Street, Blackness Road, Sibbalds Brae, offset by an increase in spend at Winchburgh O.

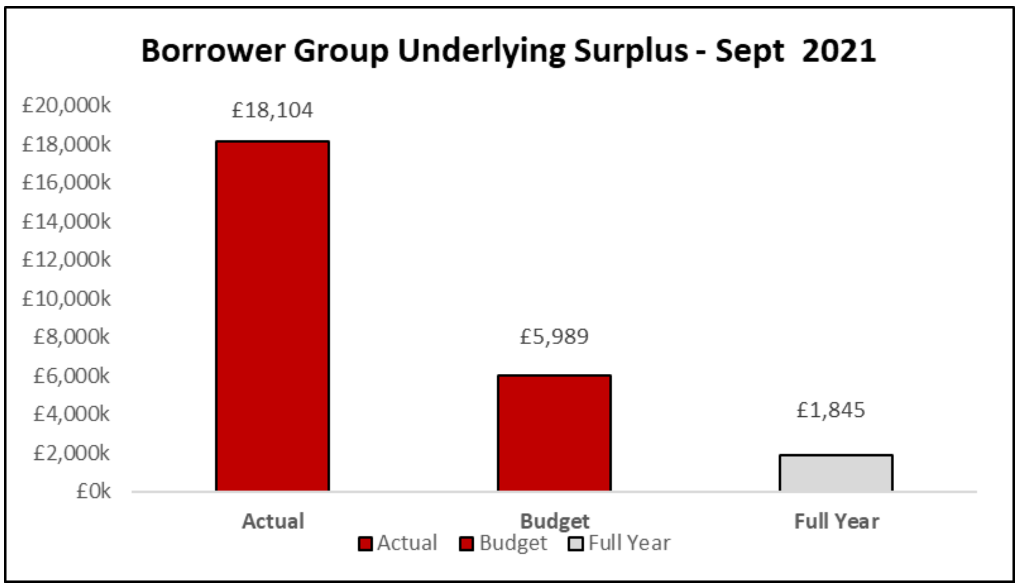
1b) RSL Borrower Group underlying surplus – year to date

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 six months to September 2021, an underlying surplus of £18,104k has been generated using this measure which is £12,115k favourable to budget. The variance is driven by the lower levels of core investment expenditure, savings in running costs, lower bad debt costs and lower interest costs.



1c) GHA – Year to date

	Year to 30 September 2021				Full Year
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks		Budget £ks
INCOME					
Rental Income	£99,535	£99,456	£79		£198,828
Void Losses	(£901)	(£702)	(£199)		(£1,410)
Net Rental Income	**£98,634**	**£98,754**	**(£120)**		**£197,418**
Grant Income	£9,557	£10,686	(£1,129)		£28,859
Other Income	£14,950	£14,447	£503		£18,750
Total Income	**£123,141**	**£123,887**	**(£746)**		**£245,027**
EXPENDITURE					
Employee Costs - Direct	£16,860	£17,401	£541		£35,238
Employee Costs - Group Services	£5,755	£5,831	£76		£11,162
ER / VR	£414	£420	£6		£2,741
Direct Running Costs	£5,533	£5,573	£40		£11,504
Running Costs - Group Services	£3,508	£4,272	£764		£8,054
Revenue Repairs and Maintenance	£19,084	£18,921	(£163)		£37,726
Bad debts	£1,576	£2,006	£430		£4,074
Depreciation	£34,273	£34,273	£0		£68,939
Demolition and Tenants Compensation	£99	£568	£469		£1,205
TOTAL EXPENDITURE	**£87,102**	**£89,265**	**£2,163**		**£180,644**
NET OPERATING SURPLUS / (DEFICIT)	**£36,039**	**£34,622**	**£1,417**		**£64,383**
Net operating margin	*29.3%*	*27.9%*	*1.3%*		*26.3%*
Net Interest payable & similar charges	(£24,128)	(£25,064)	£936		(£50,123)
STATUTORY SURPLUS / (DEFICIT)	**£11,911**	**£9,558**	**£2,353**		**£14,259**

INVESTMENT	Year to 30 September 2021				Full Year
	Actual £ks	Budget £ks	Variance £ks		Budget £ks
Total Capital Investment Income	**£4,707**	**£18,266**	**(£13,559)**		**£28,458**
Total Expenditure on Core Programme	£22,634	£29,632	£6,999		£61,803
New Build & other investment expenditure	£20,602	£30,415	£9,813		£55,725
Other Capital Expenditure	£8,242	£8,380	£138		£12,438
TOTAL CAPITAL EXPENDITURE	**£51,478**	**£68,427**	**£16,950**		**£129,966**
NET CAPITAL EXPENDITURE	**£46,771**	**£50,161**	**£3,391**		**£101,508**

Key highlights year to date:

The GHA budget includes the stock transferred from Cube from 28 April 2021.

- Net operating surplus £36,069k is £1,417k favourable to budget. Statutory surplus for the period to 30 September is £11,911k, £2,353k favourable to budget. The main drivers of the variance continue to be lower levels of spend across all expenditure lines with the exception of revenue repairs, consistent with the changes to the business in response to the pandemic, lower interest costs following the fixed rate restructuring in March 2021 offset by lower level of grant income.
- Net rental income of £98,634k is £120k lower than budget at the end of Q2. Void losses are £199k higher than budget and represent a 0.9% loss rate compared to budget of 0.7%. The increase in void loss is due to an increase in number of voids in Kennishead, New Shaws and Parkview due to existing customers transferring into new builds and delays in materials impacting void repairs and decanted properties also a factor.
- Grant income recognised to date relates to the total of 121 units completed at Bellrock, Auchinlea, Kennishead and Baillieston. The budget assumed that 46 MMR properties completing at Watson in Q2 which are delayed due to the ongoing construction and supply issues. These are now due to complete in Q1 2022/23.
- Total employee costs are £616k under budget, including employee recharges from Solutions, under budget by £76k linked to vacancies in the structure.
- Total running costs are £805k favourable to budget. Group recharges are driving the main reductions to budget, showing a favourable variance of £764k, driven by the savings in Solutions resulting from a continuation of home working
- Revenue repairs and maintenance expenditure is £163k unfavourable to budget, with favourable variances to budget seen across compliance and cyclical repairs offset by higher than budgeted levels of responsive repairs. Responsive repairs are £303k higher than budget at September primarily driven by higher customer demand.
- The net capital expenditure of £46,772k is £3,389k lower than budget. Grant income of £4,707k has been received with the variance driven by the lower level of spend in the new build programme and the accelerated grant claim in 20/21 for Sighthill .
- Core capital investment programme spend is £6,999k lower than budget as the remobilisation of activities continues with mainly spend on central heating, Highrise, lifts and compliance capital. The underspend is primarily in the windows programme, ICW costs and a large element of GHA works still falling under the VAT shelter with a saving of £1.2m attributable to this.
- New build spend is £9,813k lower than budget. Higher levels of spend had been anticipated for all sites including Calton Village and Hurlford Avenue, both later site starts than anticipated, with Sighthill, Hurlford Avenue and Watson sites, all significantly under the budget at the half year. Progress on Sighthill has been slower to date under the restrictions and a delay in handover of the sites to the developer by GCC had also delayed progress.
- Other capital expenditure of £8,242k is £138k lower than budget. Other capital spend includes £4.4m for the Wheatley House works.

1d) Cube – Year to date

	Year to 30 September 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	£3,047	£3,053	(£6)	£3,053
Void Losses	(£53)	(£136)	£83	(£136)
Net Rental Income	**£2,994**	**£2,917**	**£77**	**£2,917**
Grant Income	£44	£47	(£3)	£47
Other Income	£39	£42	(£3)	£42
TOTAL INCOME	**£3,077**	**£3,006**	**£71**	**£3,006**
EXPENDITURE				
Employee Costs - Direct	£550	£582	£32	£582
Employee Costs - Group Services	£131	£124	(£7)	£124
ER / VR	£0	£0	£0	£0
Direct Running Costs	£234	£253	£19	£253
Running Costs - Group Services	£71	£90	£19	£90
Revenue Repairs and Maintenance	£577	£435	(£142)	£435
Bad debt costs	£17	£82	£65	£82
Depreciation	£1,503	£1,503	£0	£1,503
TOTAL EXPENDITURE	**£3,083**	**£3,069**	**(£14)**	**£3,070**
NET OPERATING SURPLUS / (DEFICIT)	**(£6)**	**(£63)**	**£57**	**(£64)**
Net operating margin	*-0.2%*	*-2.1%*	*1.9%*	*-2.1%*
Net Interest payable & similar charges	(£676)	(£748)	£72	(£748)
STATUTORY SURPLUS / (DEFICIT)	**(£682)**	**(£811)**	**£129**	**(£812)**
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	**£1,541**	**£1,671**	**(£130)**	**£1,671**
Total Expenditure on Core Programme	£441	£358	(£83)	£358
New Build & other investment expenditure	£1,386	£1,817	£431	£1,817
Other Capital expenditure	£45	£65	£20	£65
TOTAL CAPITAL EXPENDITURE	**£1,872**	**£2,240**	**£368**	**£2,241**
NET CAPITAL EXPENDITURE	**£331**	**£569**	**£238**	**£570**

Key highlights year to date:

Results are presented for Cube for the period of trading up to the transfer of engagements to Loretto Housing Association on 28 July 2021.

Net operating deficit of £6k is £57k favourable to budget. Statutory deficit for the year to date is £682k, £129k favourable to budget.

- Rental income of £3,047k is broadly in line with budget. Void losses in the year to date are 1.74% against a budget of 4.45%, generating a favourable variance of £82k.
- Other income includes any income from non-social housing stock and district heating schemes (prior to transferring to GHA on 28 April).
- Direct employee costs of £550k are £32k favourable to budget, following transfer of a number of Cube's housing staff to GHA on 28 April, three days earlier than the budget assumed. Group Services Employee Costs of £131k represents Cube's share of Wheatley Solutions staff up to the point of transfer.
- Direct Running Costs are favourable to budget by £19k, as a result of an under spend on Initiatives. Group Services Running Costs of £71k represents Cube's share of Wheatley Solutions running costs.
- Revenue repairs and maintenance expenditure is £141k unfavourable to budget, mainly due to the acceleration of the compliance based cyclical maintenance programme. Reactive maintenance reported an under spend to budget for the period to 31 July.
- Bad debts report a favourable variance to budget. A prudent approach to Universal Credit was taken when setting the budget.
- Gross interest payable of £676k represents interest due on the loans due to Wheatley Funding Ltd 1. A saving to budget is reported following the restructuring of WFL1's loans in March.

Net capital expenditure of £331k is £238k lower than the budget primarily as a result of the timing of new build spend.

- The majority of capital investment income and new build spend relates to Queens Quay.
- Investment works expenditure of £441k is for internal common works and compliance capital (both part of core programme works), voids and capitalised repairs.
- Other capital expenditure of £45k relates to Cube's share of group wide IT investment.

1e) West Lothian Housing Partnership – Year to date

WEST LOTHIAN Housing Partnership

	Year to 30 September 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	£1,869	£1,870	(£1)	£3,920
Void Losses	(£5)	(£26)	£21	(£51)
Net Rental Income	**£1,864**	**£1,844**	**£20**	**£3,869**
Grant Income	£0	£0	£0	£12,467
Other Income	£1	£0	£1	£32
TOTAL INCOME	**£1,865**	**£1,844**	**£21**	**£16,368**
EXPENDITURE				
Employee Costs - Direct	£256	£281	£25	£581
Employee Costs - Group Services	£36	£36	£0	£69
ERVR	£0	£0	£0	£0
Direct Running Costs	£126	£156	£30	£296
Running Costs - Group Services	£26	£26	£0	£49
Revenue Repairs and Maintenance	£292	£290	(£2)	£647
Bad debts	£3	£26	£23	£51
Depreciation	£1,032	£1,032	£0	£2,065
TOTAL EXPENDITURE	**£1,771**	**£1,847**	**£76**	**£3,758**
NET OPERATING SURPLUS / (DEFICIT)	**£94**	**(£3)**	**£97**	**£12,610**
Net operating margin	*5.0%*	*-0.2%*	*5.2%*	*77.0%*
Interest receivable	-	-	-	-
Interest payable & similar charges	(£554)	(£632)	£78	(£991)
STATUTORY SURPLUS / (DEFICIT)	**(£460)**	**(£635)**	**£175**	**£11,620**
INVESTMENT				
TOTAL CAPITAL INVESTMENT INCOME	**£1,554**	**£3,751**	**(£2,197)**	**£7,274**
Total Expenditure on Core Programme	£355	£431	£76	£828
New Build & other investment expenditure	£4,418	£7,790	£3,372	£15,975
Other capital expenditure	£37	£33	(£4)	£67
TOTAL CAPITAL EXPENDITURE	**£4,810**	**£8,254**	**£3,444**	**£16,870**
NET CAPITAL EXPENDITURE	**£3,256**	**£4,503**	**£1,247**	**£9,596**

Key highlights year to date:

- Net operating surplus of £94k is £97k favourable to budget. Statutory deficit for the period to 30 September is £460k, £175k favourable to budget with main drivers being lower interest costs, running & staff costs and bad debts compared to budget.
- Total income is £21k favourable to budget with net rental income £20k favourable to budget due to lower levels of void loss.
- Total expenditure of £1,771k is £76k favourable to budget. Employee costs of £256k are £25k favourable to budget, due to a Housing Officer vacancy and staff recharges for one FTE to a different group subsidiary which were not budgeted.
- Running costs are £30k favourable to budget resulting from savings in office running costs generated while staff continue to work from home.
- Gross interest payable of £554k is £78k favourable to budget following the re-structuring of WFL 1 fixed rate loans in March.
- Core investment expenditure of £355k is £76k below budget, it is expected spend will be in line with budget by year end as works fully resume.
- New Build expenditure of £4,418k is reported at the end of period 6 with the variance of £3,372k driven by delayed spend at several sites including Almondvale (£0.9m), Jarvey Street (£0.3m), Blackness Road (£0.7m) and Sibbalds Brae (£2.0m) where later Planning approval has been delayed and is now anticipated to be issued in October 2021. This site will now progress as a golden brick development with minimal spend now expected this year. The overall overspend is offset by Winchburgh O (£0.8m over budget to date) .
- Grant income of £1,554k has been received in the year to date for Winchburgh O. The budget of £3,751k included expected grant receipts for Winchburgh O, Sibbalds Brae and Blackness Road. The variance against budget reflects the lower than budgeted expenditure detailed above.

1f) Loretto Housing – Year to date

	Period To 30 September 2021 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INCOME				
Rental Income	5,146	5,138	8	12,188
Void Losses	(132)	(166)	34	(393)
Net Rental Income	**5,014**	**4,972**	**42**	**11,795**
Other Income	**146**	**143**	**3**	**295**
Grant Income	**43**	**60**	**(17)**	**167**
Total Income	**5,204**	**5,175**	**29**	**12,257**
EXPENDITURE				
Employee Costs - Direct	867	861	(5)	2,120
Employee Costs - Group Services	156	162	6	398
ER / VR	0	0	0	0
Direct Running Costs	820	834	14	1,752
Running Costs - Group Services	90	117	27	287
Revenue Repairs and Maintenance	1,093	1,006	(87)	1,941
Bad debts	39	138	99	328
Depreciation	2,446	2,446	0	6,003
TOTAL EXPENDITURE	**5,510**	**5,565**	**55**	**12,828**
OPERATING SURPLUS / (DEFICIT)	**(306)**	**(389)**	**83**	**(571)**
Interest Payable	(972)	(1,063)	91	(2,514)
STATUTORY SURPLUS / (DEFICIT)	**(1,278)**	**(1,452)**	**174**	**(3,085)**

	Period To 30 september 2021 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INVESTMENT				
Total Capital Investment Income	**2,645**	**3,424**	**(779)**	**6,260**
Investment Works	646	848	202	2,834
New Build	6,905	5,462	(1,443)	11,956
Other Capital Expenditure	119	138	19	351
TOTAL CAPITAL EXPENDITURE	**7,670**	**6,448**	**(1,222)**	**15,142**
NET CAPITAL EXPENDITURE	**5,025**	**3,024**	**(2,001)**	**8,881**

Key highlights year to date:

The Loretto Housing budget includes the Cube stock and transfer of engagements from 28 July 2021.

Net operating deficit of £306k is £83k favourable to budget. Statutory deficit for the year to date is £1,278k, £174k favourable to budget. The main driver of the favourable variance is lower bad debts and interest payable. The results at September include the activities transferred from Cube Housing Association from 28 July which were budgeted on the same basis.

- Gross rental income of £5,146k is £8k favourable to budget. Void losses in the year to date are 2.57% against a budget of 3.23%. There has been a notable improvement in voids since the implementation of new referral criteria at Broad St, one of Loretto's three temporary accommodation sites.
- Grant income relates to medical adaptations.
- Employee costs are £5k unfavourable to budget, this is due to the Community Engagement Officer's post and handover and training period for a small number of new staff joining the team. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £14k favourable to budget, with a number of budget lines showing underspends. Group Services Running Costs of £90k represents Loretto's share of Wheatley Solutions running costs.
- Revenue repairs and maintenance expenditure is £87k unfavourable to budget as a result of higher than budgeted cyclical maintenance and Communal Electricity, this is partially offset with a reduction in reactive repairs costs.
- Bad debts are £99k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £972k represents interest due on the loans due to Wheatley Funding Ltd. YTD costs are £91k lower than budget, following the restructure of WFL1's loans in March.
- The net capital position of £5,025k is £2,001k higher than budget. This is due to the timing of new build spend.
- Investment works expenditure of £646k mainly relates to capitalised repairs and core programme works, including capital compliance work and M&E work.
- New build expenditure of £6,905k, is £1,443k higher than budget due to reprofiling from 2021/22 and relates mainly to 4 ongoing sites – Hallrule, Dargavel, Cobblebrae Farm and Queens Quay, with Hallrule and Queens Quay driving the higher spend year to date. Approx. £1.6m of the capital investment income received is for Hallrule, with the remainder being for Cobblebrae (£647k) and Queens Quay £339k.
- Other capital expenditure of £119k relates to the Loretto contribution to Wheatley Group IT. Full year budget includes £108k budgeted for office refurb and conversion of housing properties previously used as offices by Wheatley Care.

1g) Dunedin Canmore – Year to date

	Year to 30 September 2021 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	15,380	15,457	(76)	30,985
Void Losses	(164)	(188)	24	(376)
Net Rental Income	**15,216**	**15,269**	**(53)**	**30,609**
HAG Recognised in the Year	0	3,028	(3,028)	4,909
Other Income	1,511	1,470	41	3,158
TOTAL INCOME	**16,727**	**19,767**	**(3,039)**	**38,676**
EXPENDITURE				
Employee Costs - Direct	1,997	2,028	31	4,862
ER/VR	0	0	0	-
Employee Costs - Group Services	814	816	2	1,562
Direct Running Costs	1,726	1,724	(2)	3,210
Running Costs - Group Services	476	526	50	1,123
Revenue Repairs and Maintenance	2,428	2,018	(409)	4,438
Bad Debts	127	148	21	296
Depreciation	5,454	5,454	0	10,908
TOTAL EXPENDITURE	**13,020**	**12,714**	**(306)**	**26,399**
NET OPERATING SURPLUS / (DEFICIT)	**3,707**	**7,053**	**(3,345)**	**12,278**
Net Operating Margin	*22%*	*36%*	*-14%*	*32%*
Interest receivable	0	3	(3)	6
Interest payable	(3,429)	(3,704)	275	(7,280)
STATUTORY SURPLUS / (DEFICIT)	**278**	**3,352**	**(3,074)**	**5,003**

	Year to 30 September 2021 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INVESTMENT				
Total Capital Investment Income	**2,595**	**5,538**	**(2,943)**	**14,315**
Total Expenditure on Core Programme	2,649	3,637	988	6,944
New Build & Other Investment	8,266	9,613	1,347	21,576
Other Capital Expenditure	471	436	(35)	1,008
TOTAL CAPITAL EXPENDITURE	**11,386**	**13,686**	**2,300**	**29,528**
NET CAPITAL EXPENDITURE	**8,791**	**8,148**	**(643)**	**15,213**

Dunedin Canmore

Key highlights year to date:

Net operating surplus of £3,707k is £3,345k adverse to budget. Statutory surplus for the period to 30 September is £278k, £3,074k adverse to budget. The main driver of the variance is in new build grant with no amounts yet recognised in the year against a budget of £3,028k. Units at South Gilmerton were expected to be completed in May, July and September, now delayed until later in the year.

- Net rental income is £53k adverse to budget. Gross rent is £76k adverse to budget driven by the new build units for South Gilmerton being completed later than budgeted. Void losses are £24k favourable to budget. Other Income is £41k favourable to budget, driven by the workshop which is reporting a profit of £108k against a budget of £29k.
- Total expenditure is £306k adverse to budget. Revenue repairs and maintenance costs are £409k adverse to budget driven by reactive repairs which are £413k higher than budget as a result of increased demand after covid restrictions have been eased. Cyclical repairs including compliance work are £3k favourable to budget to September.
- Employee costs are showing favourable variances to budget, largely due to unbudgeted staff secondments to other subsidiaries. Group running cost recharges are favourable to budget due to savings generated in office running costs while staff remain working from home.
- Interest expenditure of £3,429k is £275K favourable to budget with lower interest rates on borrowings following the fixed rate loan restructuring in March 2021.
- In Capital, grant income of £2,595k has been received in relation to claims for the Wisp 3C, Roslin, Penicuik and South Gilmerton.
- Investment expenditure on existing properties is £988k lower than budget. This is largely as a result of the final stages of remobilisation as well as issues with supply of materials.
- New build spend of £8,266k is £1,347k lower than budget mainly as a result of slower progress and delays on site at South Gilmerton and Rowanbank year to date.

1h) WFL1 and WGC

[redacted]

2a) RSL Borrower Group – Consolidated Balance Sheet

	Current Month As at 30 September 2021 £ks	Current Month As at 31 March 2021 £ks
Fixed Assets		
Social Housing Properties	1,979,997	1,973,231
Properties under construction	113,107	94,387
Other tangible fixed assets	65,134	58,502
Investment properties	81,002	81,002
Investments -other	8,387	8,387
Fixed Assets	**2,247,627**	**2,215,509**
Debtors Due More Than One Year		
Development Agreement	6,264	12,201
Inter Company Loan	29,075	29,075
Pension Asset	5,843	5,843
Current Assets		
Stock	651	505
Trade debtors	0	0
Rent & Service charge arrears	15,588	17,369
less: Provision for rent arrears	(6,990)	(6,915)
Prepayments and accrued income	9,966	12,812
Intercompany debtors	9,097	7,441
Other debtors	4,424	7,272
	32,736	38,484
Bank & Cash	56,372	50,918
Current Assets	**89,107**	**89,402**
Current Liabilities		
Trade Liabilities	(3,810)	(4,952)
Accruals	(42,194)	(57,872)
Deferred income	(54,954)	(46,239)
Rents & service charges in advance	(11,912)	(10,831)
Intercompany creditors	(1,304)	(1,537)
Other creditors	(8,830)	(9,347)
	(123,004)	(130,778)
Net Current Assets	**(33,897)**	**(41,376)**
Long Term Liabilities		
Contingent efficiencies grant	(40,704)	(40,704)
Loan - private finance	(952,345)	(924,073)
Bond finance	(296,735)	(296,735)
Development Agreement	(6,265)	(12,201)
Provisions	(1,918)	(1,855)
Deferred income	(31,998)	(30,502)
Intercompany creditors	0	0
Other creditors	0	0
Pension liability	(7,319)	(7,319)
Long Term Liabilities	**(1,337,284)**	**(1,313,389)**
Net Assets	**917,628**	**907,863**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	555,993	555,993
Income & Expenditure	9,765	0
Revaluation Reserves	351,870	351,870
Funding Employed	**917,628**	**907,863**

Key highlights:

The RSL Borrower Group net assets stand at £918.0m at 30 September 2021.

- The balance sheet reported reflects the 31 March 2021 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties, the actuarial valuation of the defined benefit pension scheme and the fair value of the Scottish Government loan.
- Current assets (excluding cash) are £5.7m lower than the year end position mainly driven by lower other debtors and prepayments and lower rent arrears net of provision which fluctuate throughout the year depending on the timing of invoices. Rent arrears net of provision are £8.6m compared to the £10.5m at 31 March 2021.
- Current liabilities are £7.8m lower than the year end position, driven by mainly lower levels of accruals and other creditors offset by the increase in deferred income.
- Long term liabilities are £24m higher reflecting borrowings in the year to date.
- Income and expenditure of £9.8m relates to the RSL Borrower Group surplus for the year to date.

2b) RSL Borrower Group – Cash Flow Statement

For the period ended 30 September 2021	2021/22 £'000
Net cash generated from operating activities (see Note1)	65,592
Cashflow from investing activities	
Purchase of tangible fixed assets	(77,216)
Grants received	13,042
	(64,174)
Cashflow from financing activities	
Interest paid	(23,964)
Additional funding received in year to date	28,000
	4,036
Net change in cash and cash equivalents	**5,454**
Cash and cash equivalents at the beginning of the year	50,918
Cash and cash equivalents at the end of the period	56,372

Note 1	2021/22 £'000
Cashflow from operating activities	
Operating surplus for the period	39,525
Adjustments for non cash items:	
Depreciation of tangible fixed assets	44,707
Movements in working capital	(8,996)
Adjustments for investing or financing activities:	
Government grants utilised in the year	(9,644)
Cashflow from operating activities	**65,592**

Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Treasury update

Date of Meeting: 27 October 2021

1. Purpose

1.1 The purpose of this report is to:

- note the liquidity position of Wheatley Group as at 30 September 2021;
- note the covenants for quarter-end to 30 September 2021;
- note the change of rate on the THFC facility for Dunedin Canmore; and
- note the update on refinancing and covenant amendment work on WFL1 facilities.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between the Wheatley Group and its RSL subsidiaries, as well as the Group Authorise, Manage, Monitor Matrix, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

2.2 The Board agreed a number of treasury-related actions at its last meeting on 7th October. These are covered in this report.

3. Risk appetite and assessment

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

3.2 Our current liquidity risk is low and we are actively addressing the expiry in November 2023 of the WFL1 £[redacted] facility by undertaking a refinancing with [redacted] (for £[redacted]) and with the Syndicate ([redacted]).

4. Background

4.1 We have maintained high levels of cash holdings since the start of the pandemic. For our RSL Borrowing Group, we operate on a minimum working capital cash balance of £15m; this financial year the balance has not been below £44m.

5. Customer engagement

5.1 Not directly applicable as not related to customer service.

6. Discussion

(i) Liquidity update

6.1 We have two main sources of liquidity:

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

6.2 The table below shows the full Group cash and liquidity position, and how this has changed over the last six month-ends up to September 2021:

[redacted]

6.3 The £28m remaining availability from the 2018 EIB facility was drawn during June 2021. RCFs in WFL1 and DGHP (total availability of £286.1m) remain undrawn at this time.

6.4 There was net cash consumption of £20m across the RSL Borrowing Group during the quarter. The pace of the new build and the investment programme picked up, interest payments and fees totalled £[redacted] and £[redacted] intragroup transfers (including Gift Aid) were made out of Lowther.

6.5 There are 3 forecast drawdowns from WFL1 for Q3 for GHA (£11m), WLHP (£2.5m) and DCH (£1m) to support the ongoing capital investment & new build programmes.

6.6 The delivery of DGHP's core programme is forecast to consume £10.2m during the quarter.

(ii) Covenant position across WFL1, WFL2, DGHP

6.7 The appended treasury pack sets out the covenants for WFL1, WFL2 and DGHP to 30 September 2021. These will be submitted to the respective lenders in line with our loan agreements.

6.8 All Wheatley borrowers remain covenant compliant.

(iii) Re-fixing the £16.5m Dunedin Canmore THFC facility

6.9 The THFC facility was put in place in 2012 and is fully utilised, funding three developments for Dunedin Canmore; Westfield, Hyvots and St. Nicolas Place. THFC acted as a conduit for EIB funding into the UK social housing sector and the loan permitted borrowers to take the funding on a floating (LIBOR) or fixed basis, with the duration of the fixed rate at the discretion of the borrower.

6.10 The loan was taken out on a fixed rate of [redacted]% (inclusive of margin) for the period until 17 October 2021. The loan has a final maturity date of [redacted] so we had to consider what interest rate to apply for the remaining term. Our options were to pay a floating rate (SONIA), a fixed rate for 5 years or a fixed rate for the remaining period. The business plan had assumed that the rate of [redacted]% would be payable until maturity.

6.11 Given the fixed rate for the remaining term was [redacted]% (inclusive of margin), we had an opportunity to lock-in outperformance against the business plan of c.£[redacted] interest savings per annum and opted to take the fixed rate at [redacted]% to [redacted].

(iv) Update on amendments to WFL1 finance agreements

[paragraphs 6.12 – 6.15]

7. Digital transformation alignment

7.1 No direct impact on the digital transformation programme.

8. Financial and value for money implications

8.1 No further implications.

9. Legal, regulatory and charitable implications

9.1 Our banking and property lawyers, Pinsent Masons, are advising on the WFL1 amendments and the refinancing work.

9.2 We do not require approval for debt facilities from the Scottish Housing Regulator, although they are aware of our proposed plans for the development programme and the resultant requirement to increase our financial capacity. There are no charitable implications.

10. Equalities implications

10.1 Not applicable.

11. Environmental and sustainability implications

11.1 We will not be issuing any of the new RCFs under the new Sustainable Finance Framework, but the Barclays facility will have a sustainability link which, provided we meet the ESG targets (likely to be in relation to the EPC ratings of new build homes, delivery of a minimum number of lets to homeless or other vulnerable populations or jobs and training via our Community Benefits scheme), will reduce the cost of the funding by up to 0.025% per annum on drawn funds.

11.2 The Syndicate have indicated separately that they are keen to include a sustainability link although these may have to be arranged bilaterally and we do need to balance the reporting requirements with the economic benefit of marginally improved pricing.

12. Recommendations

12. Recommendations

12.1 The Board is requested to:

1) note the Group's liquidity position as at 30 September 2021;
2) note our compliance with covenants for quarter-end to 30 September 2021; and
3) [redacted]

List of Appendices

Appendix 1 - Wheatley Group Treasury pack

Report

To:	**Wheatley Group Housing Board**
Report by:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Group Performance Report Quarter 2 2021/22**
Date of Meeting:	**27 October 2021**

1. Purpose

1.1 This report presents the Board with an update on performance delivering the targets in the Group Performance Framework and strategic projects for 2021/22 to the end of quarter 2.

1.2 Dashboards with the measures included in all three sub-sections for the five themes are attached as appendices. A summary of progress delivering the strategic projects is presented in Appendix 3.

2. Authorising and strategic context

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

3. Risk appetite and assessment

3.1 Our agreed Group risk appetite in relation to board governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. 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.

4. Background

4.1 Cube’s properties migrated to GHA in April and to Loretto at the end of July. To reflect the differing rent billing cycles for Cube customers, for financial rent-based measures we report GHA A and GHA B to distinguish those previous Cube customers whose rent is billed differently. The same approach is now being used for Loretto.

5. Customer engagement

5.1 We presented a summary of the validated 2020/21 performance against our key Charter measures to the Tenant Scrutiny Panel in October, along with a comparison with the national average and an update on performance in the first part of 2021/22.

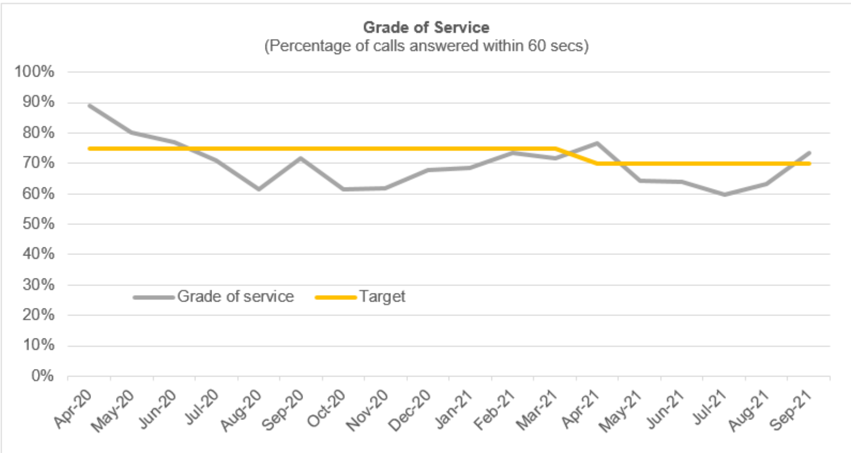
5.2 We also consulted the Tenant Scrutiny Panel on the new customer value approach that underpins the current Performance Framework. As noted previously to the Board, we are working with a provider to implement a suitable platform to gather more frequent customer feedback on the five customer service areas identified as part of the customer value approach: repairs, anti-social behaviour, environmental services, complaints handling and housing allocations. The first phase will allow us to capture feedback about repairs services.

6. Discussion

Delivering Exceptional Customer Experience

6.1 <u>Customer First Centre - Grade of Service</u>

6.1.1 In the year to the end of September, we answered 67.2% of calls within 60 seconds against our target of 70%. This grade of service was lowest in July, at 59.9% in-month, but has since increased to 73.3% in September. We are still responding to relatively high call volumes, 65.5k in September compared to 58.8k in April. The main driver for call volumes continues to be repairs.



6.1.2 We are working through a detailed action plan to complete all repairs requests; the spike was anticipated following remobilisation and is discussed further at section 6.7 below.

6.1.3 As reported to the Board last month, as part of the creation of the Customer First Centre, we are increasing staffing resources. This includes specialist housing and commercial teams to increase the rate of first-time call resolution. The recent recruitment has also seen us reshape our staff contracts and bring into effect new shift patterns that will enable flexibility to meet peaks in demand. Most recent recruits have now received the relevant training and are handling customer demand competently. We will have a further cohort of new staff join us in early November.

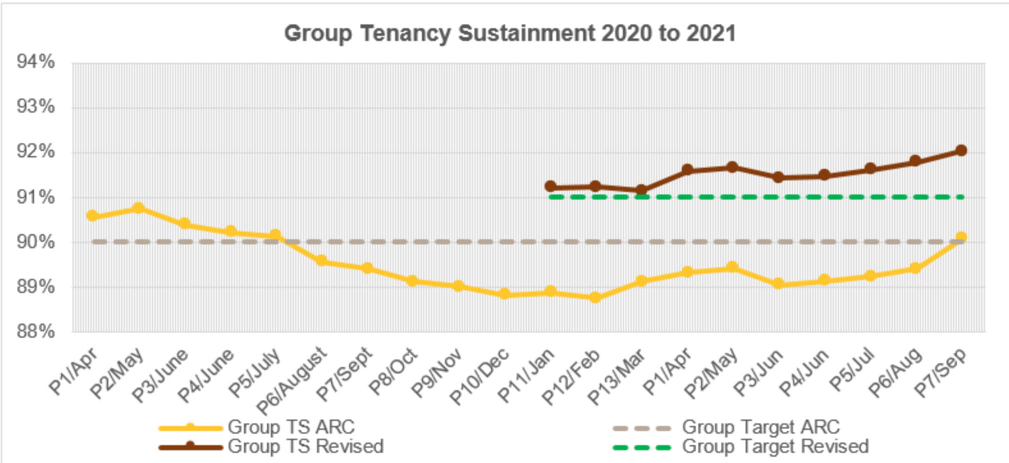
6.2 <u>Repairs Satisfaction</u>

6.2.1 As noted previously, this Charter satisfaction measure continues to be based on a very small census size. This measure covers a rolling twelve-month period, and the current volume of surveys reflects the restricted service delivered during the pandemic. We have received 904 completed surveys in the last 12 months, which is less than 10% of the volume in 2019/20 and less than 0.5% of the jobs completed.

RSL		Current Value	2021/22 Target
West	GHA	89.5%	87%
	Loretto	88.9%	87%
East	Dunedin Canmore	89.7%	87%
	WLHP	83.3%	87%
South	DGHP	91.7%	87%
Group		**89.8% (+ or -5%)**	**87%**

6.3 <u>Tenancy Sustainment</u>

6.3.1 The percentage of new tenancies sustained for more than a year across the Group has shown consistent improvement over the last four months for both the Charter defined measure and our adjusted measure that excludes tenants who deceased or who transferred within Group.

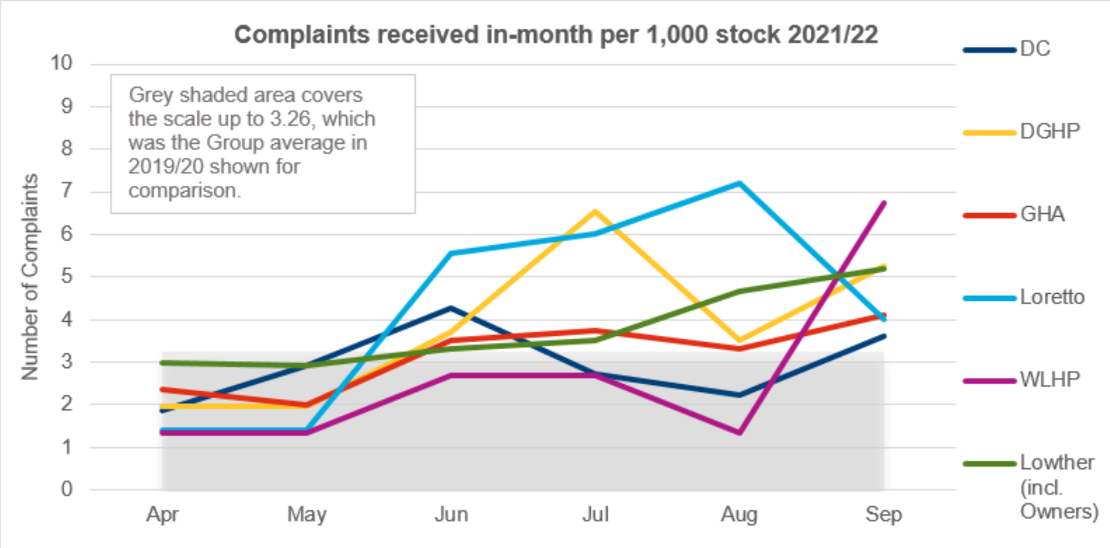


6.3.2 The following table provides tenancy sustainment results at RSL level. GHA has been above 90% for the Charter measure for two consecutive periods.

RSL Tenancy Sustainment	Charter	Excl. deceased / transferred within Group
Dunedin Canmore	92.10%	94.13%
DGHP	86.14%	88.35%
GHA	90.91%	92.70%
Loretto	90.41%	92.79%
WLHP	93.48%	95.45%
Group	**90.08%**	**92.02%**

6.4 <u>Complaints Handling</u>

6.4.1 The number of complaints we are receiving has remained relatively consistent in recent months for our largest subsidiary, GHA, with some monthly volatility in our other partner organisations, as expected when services remobilised.



6.4.2 The single largest category of complaints continues to be repairs, for example, 36% of complaints to GHA and 44% made to DGHP. We expect call volumes and complaints to mirror the increased demand for repairs as we work through our action plans to address outstanding repairs.

6.4.3 We have also committed to meeting the Scottish Public Service Ombudsman ("SPSO") guidance on handling complaints efficiently, responding within 5 working days for stage 1 complaints and within 20 working days for those complaints that are stage 2. Our year to the end of September results are shown in the following table.

Percentage of complaints Responded to in SPSO timescales	Stage 1 Complaints received YTD	Percentage responded to within 5 working days	Stage 2 Complaints received YTD	Percentage responded to within 20 working days
Dunedin Canmore	94	94.4%	9	77.8%
DGHP	180	83.6%	14	76.9%
GHA	712	96.2%	92	94.2%
Loretto	50	98.0%	5	100.0%
WLHP	12	100.0%	0	N/A
Lowther (including owners)	570	96.8%	140	89.0%

Making the Most of Our Homes and Assets

6.5 New Build Programme

6.5.1 The Group aim is to deliver 5,500 new homes over the course of the strategy. Our revised business plan target is to deliver 621 homes in 2021/22 (original target was 675), of which 152 have been handed over as of the end of September. This is an increase of 29 since we last reported to the Board and is below our target of 230 by 78 units (below target by 21 for mid-market rental properties and below by 57 social housing properties). The following table shows the variance against targeted progress.

Current projects	Handovers	Target	Variance	Comment
Auchinlea	23	23	0	Complete.
Bellrock	19	--	19	Complete. Delayed from March 2021.
Jarvey Street	--	42	-42	Extent of the remedial works required for the drainage is greater than previously anticipated and will extend the programme.
Kennishead Avenue	42	48	-6	Complete - six completed in March 2021.
Lincluden Depot	26	--	26	First handovers 6 months ahead of schedule
Main Street, Baillieston	37	12	25	25 had been expected in 20/21
Queensberry Square	--	12	-12	Project completed ahead of schedule in March 2021.
South Gilmerton	--	42	-42	Next completions now expected in December due to material shortages. Ten were previously been handed over in 2020/21.
St Medans, Monreith	5	5	0	Complete
Watson St Phase 2	--	46	-46	Contractor's programme received August shows 12 flats handing over in March 2022, with the remaining 34 moving to May 2022.
Totals =	**152**	**230**	**-78**	

6.6 Planned to Reactive Repairs Spending

6.6.1 We have set a Strategic Result to achieve a ratio of planned to reactive repairs spend of 60%:40%. Spend figures are subject to investment programme profiling throughout the year. The ratio by RSL at end of September is shown in the table below. Spend figures are subject to investment programme profiling throughout the year.

Percentage Spend 2021/22		Planned	Reactive
West	GHA	61.4%	38.6%
	Cube (2021/22 prior to transfer)	61%	39%
	Loretto	55.2%	44.8%
East	DC	53.6%	46.4%
	WLHP	57.1%	42.9%
South	DGHP	60.7%	39.3%
Group total		**60.1%%** **£31,143,693**	**39.9%** **£20,690,455**

6.7 Volume of Emergency Repairs

6.7.1 The table below shows our position against the Strategic Result to reduce the volume of emergency repairs by 10% by 2026 compared to the baseline year of 2019/20. All emergency repairs volumes are above the 2019/20 levels due to the Scottish Government restrictions that were in place, and our focus on delivering emergency repairs in the early part of 2021/22.

6.7.2 The action plan we implemented last month, which included deploying extra trades resources, additional subcontractors, offering overtime to all staff and procuring materials from alternative sources, is allowing us to tackle the build-up of repairs. For example, in the West, we have reduced overdue repairs by 69% since 20 of September.

6.7.3 We are now seeing a substantial increase in non-emergency repairs as our services catch up with demand and overcome challenges to delivery such as material shortages and illness. Last month, we reported year-to-date completed non-emergency repairs were 11% below the completed numbers in a more usual year. This month that figure has reduced to 4.7% less as we increased the number of repairs carried out in September.

Area	Completed Repairs YTD (End of September)					
	Emergency			Non-emergency		
	YTD 2019/20	YTD 2021/22	Variance	YTD 2019/20	YTD 2021/22	Variance
West	31,884	34,716	8.9%	53,603	50,437	-5.9%
East	3,338	4,140	24%	8,845	9,671	9.3%
South	5,256	6,308	20%	10,359	9,288	-10.3
Group	**40,478**	**45,164**	**11.6%**	**72,807**	**69,398**	**-4.7%**

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

6.8.1 The average time taken to complete emergency and non-emergency repairs is detailed in the table below. The high numbers of repairs completed following the end of Scottish Government Covid restrictions at the beginning of summer, and consequent material shortages, meant that the average time for non-emergency repairs has been higher than our target 5.5 days for all RSLs.

6.8.2 We have made substantial progress tackling the high demand for repairs we reported to the Board last month. As of 11 October, the number of overdue repairs against our target timescales in the West has been reduced by 68% since mid-September (950 to 301). This reduction is in the context of delivering just over 85,000 repairs in the year to date and substantially increasing the numbers of non-emergency repairs carried out in-month. And in DHGP, where the longest average non-emergency time was recorded (although the best emergency performance), an action plan is also beginning to address the backlog. Overdue repairs have reduced by 16% since the end of September. We expect these factors will lead to improvements in reported performance for the time to deliver and right first-time measures by the end of October.

Times to deliver repairs (Charter)		Emergency (hours)		Non-emergency (days)	
		Target	Current Value	Target	Current Value
West	GHA	3.00	3.01	5.50	7.50
	Loretto	3.00	3.08	5.50	5.99
East	Dunedin Canmore	3.00	3.63	5.50	5.85
	WLHP	3.00	2.82	5.50	6.13
South	DGHP	3.00	2.12	5.50	9.38

Percentage of repairs right first time (Charter)		2019/20	2021/22 YTD	Target
West	GHA	96.3%	93.2%	97.5%
	Loretto	96.4%	97.7%	97.0%
East	Dunedin Canmore	96.8%	94.4%	95.0%
	West Lothian	96.4%	94.1%	95.0%
South	DGHP	83.5%	82.7%	92.0%

6.9 Medical Adaptations

6.9.1 Since April, we have completed 1,126 adaptations in total, an increase from the 939 we reported last month. There are now 267 households waiting (up from 254 reported last month). We continue to receive higher numbers of referrals than usual, as occupational therapy services have resumed.

6.9.2 The average time to complete adaptations has improved for the Group, reducing from 42 to 40 days since last month. The table below shows the number of households waiting, completions and the average time to complete adaptations by RSL.

Medical Adaptations	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target
GHA	167	700	43.0 days	35
Loretto	10	74	67.0 days	35
Dunedin Canmore	5	65	9.1 days	35
WLHP	1	11	26.2 days	35
DGHP	84	276	33.4 days	35
Group	**267**	**1,126**	**40.1 days**	**35**

6.10 Gas Safety

6.10.1 We continue to be in a 100% compliant position for gas safety, with no further expired gas certificates. Current figures against the rolling 12-month Charter indicator are listed in the table below and have now returned to zero.

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

6.11 Compliance

6.11.1 We have introduced a quarterly dashboard of compliance measures to track performance against our compliance programmes. All RSLs are making good progress to target. Please see Appendix 2 for a breakdown of current progress to the end of September.

6.12 Health and Safety

6.12.1 We have also introduced more corporate level reporting about our health and safety work, and the measures are presented in the following table. There was one fire in April within Environmental Services, which we reported in the quarter 1 report to the Board.

Measure	2020/21	YTD 2021/22	Target
Number of accidental fires in workplace	New	1	0
Number of RIDDOR incidents reported	7	4	22
Number of Health and Safety Executive or local authority environmental team interventions	New	0	0
Number of new employee liability claims received	New	0	0
Number of open employee liability claims	New	9	N/A
Number of days lost due to work related accidents	New	41	N/A

Changing Lives and Communities

6.13 Care Service Quality

6.13.1 Our Strategic Result is that 90% of Care services are graded five or above. However, no Wheatley Care service has had a formal inspection from the Care Inspectorate since December 2019 due to the pandemic.

6.13.2 The Care Inspectorate's focus remains on underperforming care homes with low grades and will continue to conduct inspections at these facilities, with a focus on quality indicators 1 (How well do we support people's wellbeing?) and 7 (How good is our care and support during the COVID-19 pandemic?). We are undertaking preparation for potential inspections, but there is no further update on the previous two months' reports to the Board.

6.14 Peaceful Neighbourhoods

6.14.1 The Group five-year strategic target is 70% of our tenancies are classed as "peaceful". The percentage of tenancies categorised as peaceful has reduced slightly since the summer, moving from 70.1% (62,827) in July to 69.5% (62,334) in September. Our CIP Police Information and Intelligence Team has identified the top repeat locations for all types of anti-social behaviour across the Group. There are 37 problem location work packages currently allocated to CIP officers for action. Our CIP Police Team focuses on working with the top repeat perpetrators, which the team believes has the biggest impact on the percentage of tenancies classified as peaceful.

Percentage of Wheatley Group tenancies classified as (year to date average):	2020/21		YTD 2021/22	
	Number	Percentage	Number	Percentage
Safe	6,529	7.3%	8,397	9.4%
Calm	20,931	23.3%	19,007	21.2%
Peaceful	62,279	69.4%	62,334	69.5%

6.15 Accidental Dwelling Fires

6.15.1 The Group set a Strategic Result to reduce RSL accidental dwelling fires by 10% against the baseline of a total of 215 fires in 2020/21 (see the following table). This will mean we aim to reduce the number of accidental dwelling fires in a year to around 193 by 2026. In the year to date, there have been 106 recorded fires. Lowther and Wheatley Care are not included in the Strategic Result total but will be referenced for information if any fires are recorded.

Number of recorded accidental dwelling fires	2020/21				2021/22	
	Q1	Q2	Q3	Q4	Q1	Q2
Dunedin Canmore	5	0	0	4	3	3
GHA	50	34	33	35	49	35
Loretto	7	2	5	5	3	2
WLHP	0	0	0	0	0	0
DGHP	6	4	5	8	6	5
Sub totals	71	42	48	54	61	45
Total for Strategic Result	**215**				**106** (annual target = 210)	
Lowther	1	0	0	0	0	1
Care	--	--	--	--	0	0
Group Total	216				107	

6.15.2 To achieve this Strategic Result, we will ensure that 100% of relevant properties have a current fire risk assessment in place. We have also implemented a programme to assess non-relevant properties (MSFs and LivingWell) that are not currently mandated by legislation.

6.15.3 The Fire Risk Assessment Programme for MSFs and Living Well was due to commence in April 2020. However, due to the restrictions imposed by the pandemic lockdowns, the programme was delayed until October 2020. This delayed the programme by six months. The Group Fire Safety Team will increase quarterly outputs over the next 18 months to maintain our original target of 100% by end of financial year 2022/23.

Measure	YTD Position	2021/22 Target
The percentage of non-relevant properties that have a current fire risk assessment in place according to risk profile (three-year programme to implement began in October 2020)	34% (61)	66%
The percentage of relevant properties (HMOs) that have a current fire risk assessment in place	100%	100%

6.16 Reducing Homelessness

6.16.1 The Group made 57.4% relevant lets to homeless applicants in the year to date, just under the 58% Group target. All RSLs, except GHA and WLHP, continue to meet their respective targets for the year. WLHP's ability to let to homeless applicants was impacted in the first quarter by West Lothian Council's pause on nominations while it carried out a review of allocations. WLHP has since made 100% of their lets to homeless applicants, improving their year-to-date position from red to amber. GHA's result of 58.9% for the year has mainly been affected by Glasgow City Council returning properties unmatched and our management team has been in discussion with the Council to reduce the number of unmatched properties.

6.16.2 A paper on the Wyndford and regeneration is a separate item on the Board agenda. Pending the Board's decision on proposals in that paper, there will be an impact on the lets we make to homeless in 2022/23. Any required changes to the Strategic Result of 58% will be brought back to the Board for approval.

6.16.3 We have let 1,310 homes to homeless applicants this year and continue to be on track to deliver 2,000 by year end to contribute to the strategic result of 10,000 households over the next five years.

Percentage of Lets to Homeless Applicants	Relevant lets only				Charter measure	
	2020/21	In-month (September)	YTD	Target	2020/21	YTD
DGHP	51.8%	50.0%	49.5%	50.3%	45%	48.9%
Dunedin Canmore	72.8%	70.6%	69.4%	61.6%	50%	60.5%
GHA	65.7%	52.9%	58.9%	63.1%	65%	55.5%
Loretto	57.1%	23.1%	53.9%	38.5%	50%	39.3%
WLHP	69.7%	100.0%	46.4%	65.0%	50%	43.3%
Group	**63.3%**	**53.0%**	**57.4%**	**59.7%**	**58%**	**54.0%**

6.17 <u>Jobs and Opportunities</u>

6.17.1 This year to date, we have created 450 jobs, training places and apprenticeship opportunities against our annual strategic target of 700. 1,524 vulnerable children have benefited from targeted work by the Wheatley Foundation and 3,511 customers have accessed services that help to alleviate poverty.

Strategic Results	2021/22 Target	Current Performance YTD
4,000 jobs, training and apprenticeship opportunities delivered	700	450
10,000 vulnerable children benefit from targeted Foundation programmes	1,400	1,524

6.17.2 The 1,524 Children supported have mainly been through the continuation the Dolly Parton Imagination Library project. Other projects supporting young people include Youth Cafes operating in the east. The Children's University is also currently supporting children with learning.

6.17.3 By the end of September, over 3,500 Wheatley customers had accessed services which help alleviate the impacts of poverty Services include Eat Well, Home Comforts and My Great Start. The Barony Support fund has saw an increase in August. Items requested include mobile phones, carpets/flooring and household items such as microwaves, kettles and toasters. A Home Comforts type service has also begun in the East. 100% of the people supported by these programmes are Wheatley customers.

6.18 <u>My Savings</u>

6.18.1 As discussed at the last Board meeting, we are undertaking a review of MySavings to assess options for improving its ease-of-use and whether alternative savings products may be available to benefit our customers.

Developing our Shared Capability

6.19 Sickness Absence

6.19.1 The Group lost 3.58% of working time due to staff sickness absence in the year to end of September, compared to our target of 3% and the year-to-date figure of 3.47% we reported at the end of August. There has been an increase since the beginning of the year, and we are now reporting similar levels as in 2019/20. The in-month figures for August and September, however, show a slight decrease from 3.89% to 3.85%.

6.19.2 We noted to the Board last month that our top two reasons for absence across the Group continue to be stress/anxiety and minor illness. Of the stress and anxiety cases, a fifth related to work but the majority related to employee's personal circumstances and coping through lockdown. Last month's report included detail about the enhanced counselling support for employees, partners and families that is providing more flexibility for early intervention and avoiding sickness absence.

6.19.3 We also noted that as part of our wider approach to absence management under the new operating model, we have also reviewed our absence management workshops, introduced process maps, and have readily available guidance on WE Connect. All related forms have been updated and we have introduced a 48-hour turnaround time to meet with any employee to identify the stresses and seek solutions. We are continuing to offer enhanced support through various wellbeing and learning programmes and will work closely with our occupational health provider and qualified therapists to make sure we have the maximum support mechanisms in place for our employees.

Enabling our Ambitions

6.20 Gross Rent Arrears

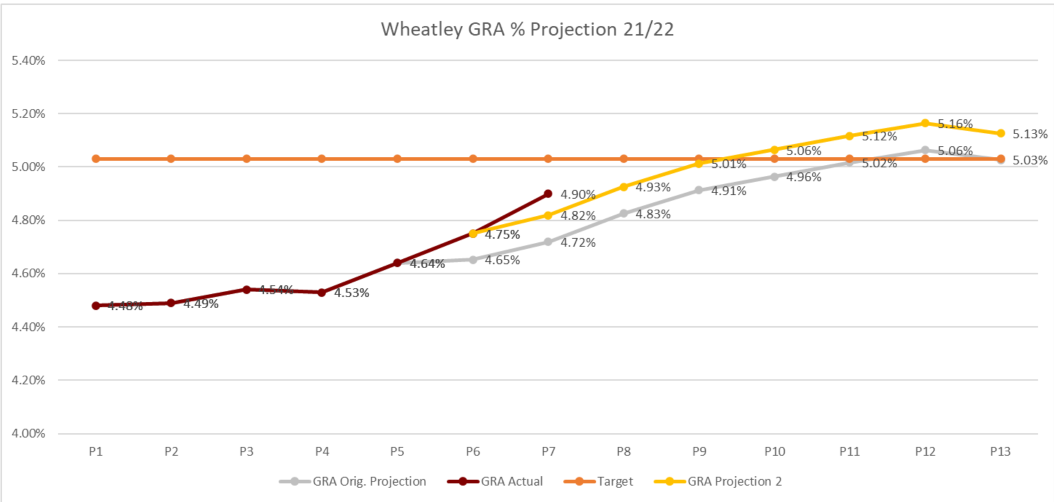
6.20.1 Our strategic aim is to reduce arrears down to 4% by 2026. The support and wraparound services we provide to our customers continue to limit the impact of the pandemic on the rate of arrears, which remain under target despite an increase since the end of 2020/21.

6.20.2 Our current Group average arrears increased by a further 0.15% this month to 4.90% from 4.75%. Our current annual target is 5.03% and we projected 4.72% at this point in the year.

6.20.3 All RSLs reported increases as expected in September, but, except for WLHP, remain within respective targets (see following table). Despite increases, all Group RSLs continue to perform better than the first quarter Scottish average of 5.91% published by the Regulator (RSLs have average arrears of 4.10% and local authorities have average arrears of 7.91%).

RSL	Current performance		Current target	Projected Performance for period	Previous period	Variance
Dunedin Canmore	3.96%		4.29%	4.02%	3.91%	0.05
DGHP	4.11%		4.57%	4.04%	3.99%	0.12
GHA A	5.14%		5.35%	N/A	5.03%	0.11
GHA B	5.08%		5.35%	N/A	5.18%	-0.10
GHA Combined	5.13%		5.35%	5.02%	5.04%	0.09
Loretto A	2.83%		4.03%	N/A	2.69%	0.14
Loretto B	3.56%		4.03%	N/A	3.27%	0.29
Loretto Combined	3.18%		4.03%	3.46%	2.97%	0.21
WLHP	3.18%		3.12%	2.91%	3.02%	0.16
Group	**4.75%**		**5.03%**	**4.65%**	**4.64%**	**0.11**

6.20.4 Based on current performance, we have revised projections for the remainder of the year for the Group, GHA and WLHP. We expect similar trajectories, increases through the spring followed by a reduction to target. However, we now anticipate Group arrears to end the year at 5.13% compared to our target of 5.03%. Increases for GHA and WLHP will drive the Group average increase (GHA at 5.46% compared to 5.35% and WLHP at 3.39% compared to 3.12%). The chart below shows original and secondary projections at Group level.



6.20.5 The percentage of customers in arrears at Group level has increased from 30.9% in August to 32.0% in September. We are still seeing fewer than expected customers on Universal Credit (UC). While there is currently 28% on UC, this is a smaller proportion than expected. However, with the end of furlough last month the sector is preparing for an increase in arrears and UC, with an expected total of 35% of our customers (almost 22,000) expected to be on UC at the end of the financial year.

6.21 [paragraphs 6.21.1 – 6.21.5 redacted]

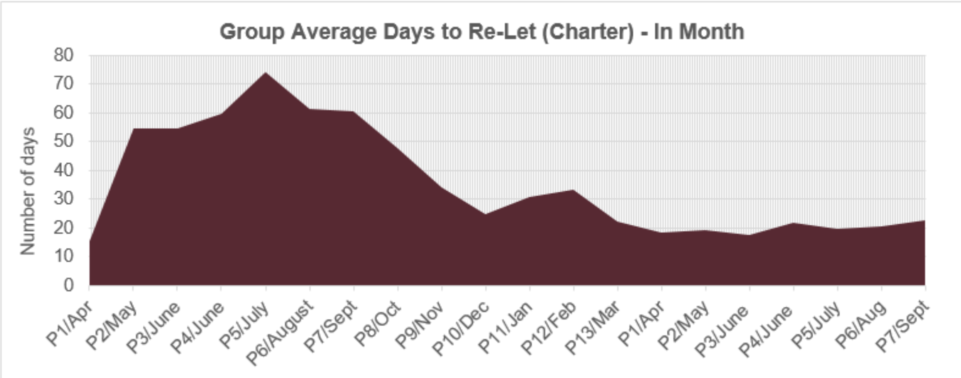
6.22 Average Days to Re-Let

6.22.1 Our target for the year is for all RSLs to be under 20.0 days so that we are in a recovered position post-pandemic to achieve the strategic target of less than 14.0 days in year two of the Strategy. The year-to-date average position for the Group shows a marginal increase from 19.83 days reported last month to 20.27 days.

6.22.2 This remains within the current quarter's target of 22 days. We aim to reduce the average days to let to 20 days by the end of the next quarter but remain cautious given the impact of material shortages and other factors on our turnaround times.

6.22.3 The Group has made 2,679 lets year to date, this includes properties leased to local authorities and new builds that are not included in the Regulator's Charter re-let indicator. Considering only the re-lets that are included in the Charter measure, the Group has made 2,317 lets year to date. The table below provides the year-to-date position for each RSL against their respective Q2 cumulative targets.

6.22.4 The following chart shows the in-month Group average days to let this year to date and last year.



6.22.5 The table below provides the year-to-date position for each RSL against their respective targets. All RSLs, except WLHP, report an increase in-month compared to August but all are still within target.

Average days to re-let (Charter)	In month - September	Current YTD	Cumulative Target - Q2	2020/21 Results
Dunedin Canmore	19.59	16.71	22.5	52.60
DGHP	17.79	15.75	21.1	37.26
GHA	25.71	22.46	22.7	40.96
Loretto	8.21	11.36	20.0	35.18
WLHP	2.29	5.53	15.0	19.78
Group	**22.65**	**20.27**	**22.0**	**40.87**

6.23 Care Services Breaking Even

6.23.1 Wheatley Care reports 94% of services are currently in surplus, up from 91% reported as of the end of June and above the 80% target. Care, overall, is outperforming its budget targets.

6.24 Online Transactions and Digital Shift

6.24.1 Our Strategic Result is that 50% of our customers actively use their online account to make transactions with us. As this is a new measure, we will develop reporting arrangements and establish a baseline for active users this year. Meanwhile, there is a total of 46,939 customers registered with online accounts across a customer base of 94,054, therefore approximately 49.9% of our customer base is now registered.

Measure	2020/21	YTD 2021/22	Target	Status
Percentage of customer base registered for an online account	49.34%	49.91%	50.0%	
Number of online registrations	5,509	1,756	3,000	

6.24.2 We have had 1,756 new registrations for WSS so far this year and in period, 164 against the target of 500. Our aim for the remainder of the year ahead is to increase online registrations as full service resumes post-pandemic and we start the process of switching online services back on and start to add additional functionality to our web offering, e.g., webchat, secure messaging, etc.

6.24.3 There has been a delay in switching this functionality back on for repairs. We are working with City Building Glasgow colleagues to agree an action plan for the system upgrade they are undertaking. Following this upgrade, testing will be carried out and a final decision made on the timescale for switching online repairs self-service back on.

6.25 [redacted]

6.25.1 [redacted]

6.26 Summary of Strategic Project Delivery

6.26.1 The full list of our strategic projects is attached to this report as Appendix 3. Out of the 23 strategic projects we are delivering during 2021/22, the following five projects have been completed since our last report:

- Deliver a group-wide Antisocial Behaviour Prevention and Mitigation Framework that maps out our approach to preventing, managing, and mitigating ASB. Group Board agreed the framework in June.
- The development of a new leadership development programme is complete, and we are now due to start delivery.
- The Commercial Properties Review was a project carried over from last year, which has now been completed.
- Socio-economic research study linked to the cost of a home with methodology and baseline has now been developed and validated by the Fraser of Allander Institute.
- Develop a pre-19 strategic overview and the approach and management of these assets has now been agreed.

6.26.2 There are 14 projects on track, and three projects are slipping against the milestones and one is overdue.

Theme	Complete	On track	Slipping	Overdue
Customer Experience	0	5	0	0
Homes and Assets	1	3	2	0
Changing Lives and Communities	2	3	1	0
Developing our Shared Capability	1	1	0	0
Enabling our Ambitions	1	2	0	1
Total by status	**5**	**14**	**3**	**1**

6.26.3 [table redacted]

6.27 Conclusion

6.27.1 The first half of 2021/22 has seen a continuation of the effects of the pandemic on our operational delivery and, in some instances, the expected impact on our operational delivery has been greater than we anticipated. For example, we are seeing average days to let just meet target and arrears have increased by more than projected.

6.27.2 Despite the continuing challenges posed for areas of our business, there are areas of emerging stronger performance across the Group and some areas of recovery since our last report. Call volumes and repairs demand is stabilising, and we are making good progress completing the outstanding repairs our customers need. Lowther is also reporting some emerging positive trends that we believe will continue.

6.27.3 We are now halfway through the year and at the point the sector identified as the low point for performance in terms of the pandemic's ongoing impact. Our efforts across the Group in quarter 3 will be crucial to determine whether we enter quarter 4 in a stronger, more recovered position despite the challenges of the last 18 months. Our project delivery aims to introduce many of the new ways of working that our Strategy is built on. Strong project delivery in the first part of this year means that, despite our performance measures reflecting the challenges we have faced, as a Group we are building a more digital, more customer-focused and more efficient business that will be prepared to deliver both our Strategy and improved performance results in 2022/23.

7 Digital transformation alignment

7.1 There are no digital transformation themes aligned to the content of this report.

8 Financial and value for money implications

8.1 The measures and projects included in this report were agreed as the Performance Framework and Delivery Plan for 2021/22. Both documents focus service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

8.2 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 monthly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10 Equalities implications

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

11 Environmental and sustainability implications

11.1 As noted at the June Board meeting, we are developing further measures for environmental and carbon performance which will be brought back to the Board for consideration by the end of the financial year.

12 Recommendation

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

List of Appendices

Appendix 1 - Strategic Results Dashboard
Appendix 2 - Compliance KPIs Dashboard
Appendix 3 - Strategic Projects Dashboard [redacted]

Appendix 1
Group Housing Board Strategic Results 2021/22 to 2025/26

Delivering Exceptional Customer Experience

The Strategic Results the Group has set under this strategic theme are all reportable annually rather than by quarter. They are:

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

The following two Strategic Results will be reported monthly, but are being developed:

- Implement "rate it" score from book it, track it, rate it repairs approach and aim to improve performance by 10% (being developed, will be reported monthly once in place)
- Net promoter score for Lowther increased to 60

Making the Most of Our Homes and Assets

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
New build completions (total for Group)	377	152	230	
GHA - Social Housing	227	84	71	
GHA - Mid-market	49	37	58	
Dunedin Canmore - Social Housing	58	0	42	
Dunedin Canmore - Mid-market	35	0	0	
WLHP - Social Housing	8	0	42	
WLHP – Mid-market	0	0	0	
DGHP - Social Housing (12 units completed early in 2020/21 which were included in this target)	0	31	17	
Achieve 60:40 ratio of planned to reactive repairs spending	2019/20 66% : 36% (£61.4m : £35.2m)	60.1% : 39.9% (£31.1m : £20.7m)	60% : 40%	
Invest £360 million in improving, modernising and maintaining homes by 2025/26	New	£21,961,933	£33,952,340	
Reduce the volume of emergency repairs by 10% by 2025/26 (Group average) N.B. Current volume reduction is not linked to strategy delivery but the effect of supply delays and reduced resources on our ability to deliver to usual capacity.	April to September 19/20 – 40,478	45,184	+11.58%	N/A
GHA	April to September 19/20 – 28,637	32,854	+2.05%	
Loretto	April to September 19/20 - 2,247	1,862	-17.13%	
Dunedin Canmore	April to September 19/20 – 2,989	3,638	+21.71%	

Measure	2020/21 Value	YTD 2021/22 Value	Target	Status
WLHP	April to September 19/20 – 349	502	+43.84%	
DGHP	April to September 19/20 – 5,256	6,308	+20.02%	

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)
- Achieve 95% customer satisfaction with their new build home (being developed as part of new survey approach/platform for customer value measures)
- Reduce the output of CO_2 emission from our homes by at least 4,000 tonnes per year (being developed with Fraser of Allander)
- Reduce our corporate carbon footprint to carbon neutral by 2026 (being developed with Fraser of Allander)

Changing Lives and Communities

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
Percentage of Care services graded very good (5) or better by the Care Inspectorate	66.67%	68.18%	90%	
Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average)	69.4%	69.5%	68.0%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs)	Q2 20/21 - 113	106	-6.2%	
GHA	152	84	N/A	
Loretto	19	5	N/A	
Dunedin Canmore	9	6	N/A	
WLHP	0	0	N/A	
DGHP	23	11	N/A	
100% of relevant properties have a current fire risk assessment in place (Group)	100%	100%	100%	
The percentage of HMOs that have a current fire risk assessment in place (Group)	100%	100%	100%	
The percentage of non-relevant properties with current fire risk assessment in place (Group)	Programme started October 2020	34.3%	37% by end of Q2	
Percentage of relevant lets to homeless applicants	63.3%	57.4%	58%	
GHA	65.7%	58.9%	65%	
Loretto	57.1%	53.9%	50%	
Dunedin Canmore	72.8%	69.4%	50%	
WLHP	69.7%	46.4%	50%	

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
DGHP	51.8%	49.5%	45%	
Percentage of lets to homeless applicants (Charter)	59.7%	54.0%	N/A	
GHA	63.1%	55.5%	N/A	
Loretto	38.5%	39.3%	N/A	
Dunedin Canmore	61.6%	60.5%	N/A	
WLHP	65.0%	43.3%	N/A	
DGHP	50.3%	48.9%	N/A	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	2,419	1,310	1,000	
GHA	1,561	954	N/A	
Loretto	42	22	N/A	
Dunedin Canmore	226	95	N/A	
WLHP	26	13	N/A	
DGHP	396	207	N/A	
4,000 jobs, training places or apprenticeships opportunities delivered	188	450	350	
GHA	80	198	165	
Loretto	0	5	4	
Dunedin Canmore	7	25	22	
WLHP	1	2	2	
DGHP	N/A	53	40	
Care	0	0	0	
Lowther	[redacted]	[redacted]	[redacted]	
Other	84	153	105	

Measure	2020/21	YTD 2021/22		
	Value	Value	Target	Status
10,000 vulnerable children benefit from targeted Foundation programmes (Group total)	New	1,524	920	✔
60% of tenants with online accounts are using the My Savings rewards gateway	New	11.2%	20.0% in year 1	⬣

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)
- 4,000 jobs, training and apprenticeship opportunities delivered
- 250 customers have been supported to attend higher education and university through Wheatley bursaries
- 10% reduction in the cost of running a home by 2026 (being developed with Fraser of Allander)

Developing our Shared Capability

Measure	2019/20	YTD 2021/22		
	Value	Value	Target	Status
Staff absence is maintained at 5% for Care services and 3% for all other parts of the business	3.47%	3.63%	3%	
GHA	3.03%	2.98%	3%	
Loretto	5.53%	3.34%	3%	
Dunedin Canmore	2.85%	3.37%	3%	
WLHP	0.27%	0.94%	3%	
DGHP	4.47%	2.62%	3%	
Lowther	[redacted]	[redacted]	[redacted]	
Care	5.26%	6.02%	5%	
Solutions	2.34%	1.84%	3%	
Wheatley 360	3.22%	3.61%	3%	

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

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

Enabling our Ambitions

Measure	2020/21 Value	YTD 2021/22 Value	YTD 2021/22 Target	Status
Reduce gross rent arrears down to 4% by 2026 (Group average)	4.48%	4.90%	5.03%	
GHA A	4.78%	5.32%	N/A	
GHA B	N/A	5.24%	N/A	
GHA Combined	N/A	5.31%	5.35%	
Loretto A	3.05%	2.89%	N/A	
Loretto B	N/A	3.81%	N/A	
Loretto Combined	N/A	3.33%	4.03%	
Dunedin Canmore	3.84%	4.06%	4.29%	
WLHP	2.62%	3.20%	3.12%	
DGHP	3.86%	4.22%	4.57%	
Lowther Letting	[redacted]	[redacted]	[redacted]	
Average time to re-let properties (Group average)	40.87	20.27	22.0	
GHA	40.96	22.46	22.7	
Loretto	35.18	11.36	20.0	
Dunedin Canmore	52.60	16.71	22.5	
WLHP	19.78	5.53	15.0	
DGHP	37.26	15.75	21.1	
Proportion of Care services breaking even (after management fee)	80.65%	94%	80%	
Percentage of Lowther rental customers with an online account	NEW	53.27%	65% in year 1	

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

- Limit annual RSL rent increases to 2.9% throughout the life of the strategy (annual)
- Maintain a strong investment credit rating of A+ stable (annual)
- £15m generated in Gift Aid to Wheatley Foundation and reinvested in communities (annual)
- Achieve management costs per unit that remain in the lower quartile among an independently selected UK and international benchmarking group (being developed with Housemark)
- Achieve a £10m real terms reduction in management costs (annual)
- Over 50% of our customers actively use their online account to make transactions with us (being developed, determination of active status in our systems required)
- Achieve our targets across the 7 domains of our digital maturity assessment (annual)

Appendix 2
Group Housing Board Other KPIs 2021/22 (includes Compliance)

Measure	2020/21	2021/22		
	Value	Value	Target	Status
Percentage of stage 1 complaints responded to within 5 working days (Group average)	96.18%	95.89%	100%	
Percentage of stage 2 complaints responded to within 20 working days (Group average)	99.64%	90.76%	100%	
Average time for full response to all complaints (Group RSL average, Charter)				
GHA	5.58	5.77	8	
Loretto	4.55	5.43	8	
Dunedin Canmore	4.8	6.06	8	
WLHP	2.94	427	8	
DGHP	4.86	5.41	8	
Percentage of new tenancies sustained for more than a year – overall (Group RSL average)	89.13%	90.08%	90%	
GHA	89.73%	90.91%	90%	
Loretto	90.27%	90.41%	90%	
Dunedin Canmore	92.51%	92.10%	90%	
WLHP	92.65%	93.48%	90%	
DGHP	84.98%	86.14%	87%	
Average time taken to complete emergency repairs (hours) – make safe (Group RSL average)	2.76	2.93	3	
GHA	2.96	3.01	3	
Loretto	2.95	3.08	3	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
Dunedin Canmore	2.65	3,63	3	
WLHP	2.52	2,82	3	
DGHP	1.9	2.12	3	
Average time taken to complete non-emergency repairs (working days) (Group RSL average)	4.2	7.45	5.5	
GHA	4.09	7.5	5.5	
Loretto	4.60	5.99	5.5	
Dunedin Canmore	3.14	5.85	5.5	
WLHP	4.00	6.13	5.5	
DGHP	5.63	9.38	5.5	
Average time to complete approved applications for medical adaptations (calendar days) (Group average)	52.20	40.09	35.0	
GHA	66.7	42.96	35	
Loretto	119.39	67.03	35	
Dunedin Canmore	10.48	9.09	35	
WLHP	40.25	26.18	35	
DGHP	43.3	33.43	35	
Percentage of reactive repairs completed right first time	95.90%	91.88%	95%	
GHA	96.28%	93.16%	97%	
Loretto	94.94%	97.72%	97%	
Dunedin Canmore	96.69%	94.39%	95%	
WLHP	97.16%	94.11%	95%	

Measure	2020/21	2021/22		
	Value	Value	Target	Status
DGHP	93.46%	82.72%	92%	
Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL total)	2,149	0	0	
GHA	1,536	0	0	
Loretto	114	0	0	
Dunedin Canmore	122	0	0	
WLHP	8	0	0	
DGHP	298	0	0	
Percentage of ASB incidents resolved:				
GHA	100%	98.23%	98%	
Loretto	100%	100%	98%	
Dunedin Canmore	100%	99.18%	98%	
WLHP	100%	100%	98%	
DGHP	99.9%	96.53%	98%	
Percentage of court actions initiated which resulted in eviction:				
GHA	25%	No evictions	25%	
Loretto	100%	No evictions	25%	
Dunedin Canmore	0%	No evictions	33%	
WLHP	No evictions	No evictions	33%	
DGHP	No evictions	100%	25%	

Measure	2020/21 Value	2021/22 Value	2021/22 Target	Status
Percentage of lettable homes that became vacant:				
GHA	7.21%	8.62%	8%	
Loretto	8.28%	6.52%	8%	
Dunedin Canmore	6.73%	7.02%	7.3%	
WLHP	5.10%	7.28%	5.6%	
DGHP	7.83%	9.26%	8%	
Number of accidental fires in workplace	New measure	1	0	
Number of RIDDOR incidents reported	7	4	22	
Number of Health and Safety Executive or local authority environmental team interventions	New measure	0	0	
Number of new employee liability claims received	New measure	0	0	
Number of open employee liability claims	New measure	9	N/A	
Number of days lost due to work related accidents	New measure	41	N/A	

Compliance Programme Delivery

Quarter 2 year to date	GHA	Loretto	DC	WLHP	DGHP
Fire Safety (smoke, heat, CO detectors / LD2) - percentage of properties on applicable servicing completed	100%	100%	100%	100%	100%
Fire Safety (smoke, heat, CO detectors / LD2) - percentage of properties on applicable installation/replacement programmes completed	82.81%	72.09%	89.02%	91.9%	99.41%
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	100%	100%
Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Number of passenger lifts with a completed six-month inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Percentage of electrical installation inspections completed toward annual programme	50.91%	49.48%	20.39%	27.27%	97.14%
Percentage of properties with an EICR certificate up to 5 years old	63.55%	68.48%	72.6%	92.32%	97.14%

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Winter resilience planning

Date of Meeting: 27 October 2021

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1. Purpose

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

2. Authorising and strategic context

2.1 Operational winter resilience planning is delegated to the Group CEO; but in the context of the ongoing risks from Covid and current economic factors impacting our customers' household costs, the report is provided for the Board's information and comment.

3. Risk appetite and assessment

3.1 The Board's risk appetite towards pandemic-related planning and supply chain risks is "cautious", which is defined as "*preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*".

3.2 The proposals in this paper are designed to mitigate these risks as we enter the winter period where there is a traditionally higher likelihood of adverse weather and/or seasonal recurrence in Covid and other illnesses impacting our operations.

4. Background

4.1 We have well-established approaches that have been deployed in previous years to address the operational business risks of the winter period. These have been augmented this year by a series of specific proposed measures to address the context of ongoing Covid infection risk, as well as continuing to support customers in cases of financial hardship.

5. Customer engagement

5.1 Customers will be engaged through our "Winter Ready" campaign, which we have successfully used in previous years.

6. Discussion

(a) Severe weather risk

6.1 We have a detailed suite of emergency response plans, key contacts and escalation procedures covering all Group partner organisations, City Building Glasgow ("CBG") and other key contractors. These plans include the Customer First Centre and set out our protocols if faced with severe weather events (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. These processes were further refined following our very successful response to the "Beast from the East" in 2018.

6.2 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.

6.3 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 as a result 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 and Repairs teams.

6.4 In Wheatley Care, severe weather warnings will be incorporated within weekly business continuity meeting agendas and service continuity plans will be activated where severe weather has an impact on service delivery. Building based services will ensure an ample supply of grit is available on site and staff will attend the nearest Wheatley Care service where they are unable to travel to their normal work location.

6.5 All care services for people we work for will be reviewed to identify level of priority dependent on criticality of support, and all services have been aligned to priorities 1,2 or 3:

Priority 1	Services will continue to be provided as per support plan/ commissioned levels.
Priority 2	Services will be provided using blended approach of face to face and digital support.
Priority 3	Services may be provided using range of digital support only.

(b) Winter Home Checks

6.6 Since 2012, we have carried out over 17,500 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.

6.7 Articles relating to the Winter Ready campaign will appear in all newsletters and correspondence to customers to raise awareness of the service. This will be augmented with "keeping warm and safe" advice in our newsletters, websites and social media channels. Where customers require further bespoke advice an appointment can be made for a Fuel Advisor or repairs team member to contact them to discuss their individual requirements.

(c) Infection prevention and response

6.8 Covid remains an important consideration in our planning through the winter. We are issuing regular communications to all staff through our intranet and local managers on how to access vaccinations. We will also promote, record and track flu vaccinations and Covid-19 Boosters. Daily tracking of all Covid cases will remain in place throughout the winter, with proactive HR support offered to any staff member reporting as positive.

6.9 We will continue to use personal Protective Equipment ("PPE") and infection control measures in line with Scottish Government advice across our services. Our PPE stocks remain strong, at 30 weeks' worth, including:

- Hand Sanitiser: 26,250 bottles;
- Masks (surgical and disposable): 239,000; and
- Disposal Gloves (nitrile and vinyl): 868,000 pairs.

6.10 Prices have also fallen substantially. For example, surgical masks are now 5p per mask, compared to £1.04 in May 2020.

(d) Financial hardship support to customers

6.11 Our Helping Hands Fund is designed to support customers experiencing severe financial hardship. Frontline staff can draw on this as required to support customers.

6.12 The Scottish Government recently announced a £10m Tenant Hardship Grant Fund for tenants of social and/or private landlords who have accrued rent arrears to the extent that they are in imminent risk of eviction. The fund is to be administered by Local Authorities and we are liaising with those where we operate to understand local criteria and make applications on behalf of tenants.

6.13 Since the pandemic we have secured two tranches of Energy Crisis Fund ("the Fund") grant from the energy regulator Ofgem. Around £500k remains available for distribution to customers (via staff referral across our partner organisations) in the form of fuel vouchers for pre-payment meter top-ups. This Fund will be important during the winter given the context of rising energy prices.

6.14 We also propose to increase our EatWell emergency food voucher programme budget in the Foundation by £100,000 to cover the winter months, and to re-establish our Emergency Response Fund ("ERF"), also in the Foundation, with a £50k budget. The ERF was previously used during the pandemic to support customers with one-off purchases such as mobile phone top-ups or fuel payments where the customer was not on a pre-payment meter and therefore the Ofgem Fund was not available. These amounts can be delivered from within existing Foundation resources with no requirement for additional contributions by our RSLs or Lowther.

(e) IT equipment supply

6.15 While the risk of further lockdowns may be low, we wish to ensure that our IT infrastructure remains fully effective in the event that a greater degree of home working has to be re-introduced. In the current market, with shortages of semiconductors and global delays in delivery of other electronic equipment we have taken steps to order required equipment earlier than previously planned given the longer lead times for delivery. This will allow us to deliver new services (such as the environmental team mobile service demonstrated at the September Board meeting) on schedule and to continue to provide equipment upgrades and replacements over the next six months for staff as these fall due.

6.16 We are also planning to complete the next stage of office refurbishment as part of our hub programme, including locations in Glasgow, Dumfries and Edinburgh, where the required IT equipment has been pre-ordered to allow us to complete these projects in early 2022.

(f) Utilities – corporate position

6.17 Our annual corporate utilities budget is £4.3m. We pay electricity on over 2500 meters across our corporate estate and in communal areas in our housing properties. Increasing utilities costs will therefore impact on our corporate costs as well as our customers' household budgets.

6.18 We have fixed contracted rates until April 2022 with Total and EDF for corporate gas and electricity supply respectively through Scottish Government framework agreements. However, we anticipate having to account for a significant increase in next year's budget given the market context and will update the Board on our assumptions in the February business plan paper.

6.19 We have been moving all electricity meters onto the EDF arrangement over the last 12-18 months as part of rationalising our approach to utility billing. Completing this work will give us options regarding re-procurement in bulk, either through Scottish Government/other public sector frameworks or through a bespoke procurement. This will be important as we seek to achieve net zero electricity supply, for example through a power purchase agreement approach where our supply is deemed to be sourced through a specific renewable generation source such as a wind farm.

7 Financial and value for money implications

7.1 The activities set out in this report will be delivered from within existing partner organisation budget allocations.

8 Legal, regulatory and charitable implications

8.1 Not applicable.

9 Equalities implications

9.1 There is no equalities impact identified as a result of this report.

10 Environmental and sustainability implications

10.1 Not applicable.

11 Recommendation

11.1 The Board is asked to note our approach to winter resilience planning.