



WHEATLEY HOUSING GROUP LIMITED

SC426094

MEETING OF BOARD OF DIRECTORS

held by videoconference

on Wednesday 26 August 2020 at 10.30

Directors Present: Alastair MacNish (Chair), Jo Armstrong, Martin Armstrong, Jo Boaden, Sheila Gunn, Bernadette Hewitt and Martin Kelso.

In Attendance: Anthony Allison (Director of Governance), Steven Henderson (Group Director of Finance) and John Crooks (Item 7a only, Group Health and Safety Manager)

1. Directors not in attendance

The Chair declared that a quorum was present. It was noted that consistent with the interim proposals for our governance Bryan Duncan, Professor Paddy Gray, John Hill, Peter Kelly, Angela Mitchell, James Muir and Mary Mulligan were not in attendance but their feedback on the reports had been circulated to attendees in advance.

2. Declarations of Interest

The Board noted the standing declarations of interest. No new declarations were made.

3. Minutes of meeting held on 24 June 2020

Decided: The Board approved the minute of 24 June 2020.

4. Group CEO update

The Board received an update on a range of matters including: our graduate programme which has received a significant increase in application levels; the SHR consultation on its Regulatory Framework; the intention to conclude our interim governance arrangements starting from the Group Board scheduled for 28 October; and the continued success of the Wheatley Foundation attracting funding to support tenants and customers.

The Board discussed the senior staffing position further and received further detail of the focus of the new role and how existing responsibilities will be redistributed.

Decided: The Board noted the updates.

5. Committee Chair updates

The Board received an update from the Chairs of the RAAG, Audit and Development Committees on the key work of the respective Committees over the year to date.

The Board particularly noted the relatively recently constituted Group Development Committee was undertaking significant additional scrutiny on the Board's behalf.

It was further noted that the drawing of membership from across our RSL partner Boards has significantly strengthened the skills and experience mix of the Committee.

6. Business update

The Board received a detailed update on current activity and remobilisation processes across the Group and considered the impact on our tenants and customers. It was explained that we are working towards remobilising close cleaning in September but that this remained subject to Scottish Government guidance.

The Board discussed rent arrears and recognised that our performance remains very good given the current operating context.

The Board discussed our lets to homeless via Local Authorities and the extent to which this has impacted the community mix at this stage. It was explained that it remains too early to understand the impact on community mix. The Board discussed at length the longer term strategic direction in relation to homelessness and agreed this be subject to a specific report and fuller discussion at a future meeting.

The Board discussed the level of anti-social behaviour support we are providing and the type of incidents we have been responding to. Feedback was given on the types of incidents we are experiencing and how we are responding within the context of the restrictions that have been in place.

The Board sought confirmation our Personal Protective Equipment supplies remain robust. It was confirmed this was the case.

The Board considered the likelihood that our new build target remained achievable. It was explained that contractor productivity and efficiency is a particular uncertainty given the health and safety measures in place and the approach to social distancing which impacts the number of trades persons that can work in a property simultaneously. It was agreed the target would therefore require to remain subject to review.

The Board sought further detail on the incidents reported to the Care Inspectorate and whether these have contained any pattern or trend. It was confirmed there has been no material issues or specific trends or patterns.

The introduction of home visiting teams was strongly supported and further detail was set out on the planned escalation process in relation to rent arrears. It was reiterated that our eviction rates have consistently been very low in recent years.

The Board discussed how we deploy the emergency response fund, how we signpost customers as part of any engagement.

Decided: The Board noted the contents of the report.

7. a) Coronavirus Health and Safety Management Update

The Board received a detailed update on continued range of activity underway as part of our management of Health and Safety.

The Board considered health and safety within the context of our staff who are currently home working and how we can support staff. The virtual risk assessment process was set out in further detail along with confirmation of the range of training provided to staff.

The Board sought clarification on whether our incident reporting has identified any underlying systemic issues and how the driver check process remains up to date. It was confirmed no systemic issues have been identified and that under our driver check system it is linked with the DVLA, which alerts us to any changes such as any new license stipulations.

Decided: The Board noted the contents of the report.

7. b) Building compliance update

The Board received a detailed update on our building compliance work streams in the current pandemic and on our associated remobilisation plans

The Board confirmed its strong reassurance regarding our compliance activity. The Board considered how compliance could be impacted by further restrictions and any risks in relation to gas safety technical non-compliance. It was confirmed in this case we would continue to fully document how we have made all reasonable efforts to discharge our obligations. It was reiterated we will force access if necessary

The Board discussed our approach to communication with customers and it was agreed we should include reference to the work being undertaken being part of investment in tenants' homes.

Decided: The Board noted the content of this report and agree the proposed approach to compliance related works.

8. a) Group Performance Framework and Delivery Plan 2020/21

The proposed approach to phasing our targets to reflect our stages of remobilisation, with clear visibility of what targets are changing and when. The refined approach to strategic projects, to reflect our planned transformation, was also set out in further detail.

[redacted]

The Board discussed medical adaptations and how we can provide interim solutions until the restrictions ease sufficiently to allow adaptations to be fully completed. It was confirmed that this was already underway, however the means by which adaptations are funded varies across our group partners.

The Board discussed progress in having the range of data across the full Group, including extending this to also now include Dumfries and Galloway. It was confirmed this was underway and would be reflected in the current year's reporting.

The Board reiterated the need for a continued strong focus on fire safety, prevention and mitigation and having a visible presence in communities.

Decided: The Board approved the Performance Framework and Delivery Plan for 2020/21

8. b) Group Delivery Plan 2020-21: Quarter 1

The Board discussed performance over the quarter, recognising that it was severely impacted by the pandemic. An update was sought on our Care Inspectorate grades. It was confirmed that no material issues have been identified and confirmed there have been no inspections during this year.

An update was sought on WLHP absence levels. It was confirmed that this was driven by the low staffing numbers.

Decided: The Board noted the contents of the report.

9. Staff survey during lockdown, summer 2020

The Board received a summary of the key themes from the staff survey. It was explained that receiving staff feedback, having allowed sufficient time to elapse to allow staff to have adapted and experience changes, was important to inform our future plans.

The Board discussed the range of feedback under each theme and the appetite for us to consolidate the positive aspects into a new blended operating model. The Board discussed at length the potential transition to home working roles, including potentially exclusively home working roles and the potential challenges.

The Board discussed the feedback in relation to communication and how communication would need to be adapted in a more virtual context.

Decided: The Board noted the contents of the report.

10. [item redacted]

11. Coronavirus Job Retention Scheme update

The Board received a detailed update on our use of the UK Government's Coronavirus Job Retention Scheme including the independent legal advice procured during the application process.

The Board discussed our future eligibility throughout the remainder of the scheme.

Decided: The Board noted the content of the report.

12. 2021 RSL Rent Setting and Updated Financial Projections

The Board received a summary of the proposed refinement of our rent setting approach to introduce differentials. It was explained the differentials would be based on the detailed affordability analysis contained in the report.

The financial implications of the proposals were further set out, including how we would require to deliver assumed efficiencies relating to the operating model to continue to meet our financial Golden Rules.

The Board considered the revised approach and the financial challenges facing our tenants and customers. The Board welcomed the strong focus on affordability for tenants. The link to future new build rent levels was discussed, including the link to Local Housing Allowance and grant funding. It was confirmed Local Housing Allowance grant related to Mid-Market Rent and that we were currently reviewing our development appraisal methodology,

The Board discussed the proposed approach to consultation and it was reaffirmed that the formal consultation will continue to include a consultation pack by mail to every tenant.

Decided: The Board:

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

13. a) 2019/20 Group statutory accounts

The Board received a summary of the results for the financial year, including an update on the adjustments made between the period 12 management accounts and the final audited accounts.

The Board carefully considered the financial statements, noting they were subject to detailed review by the Group Audit committee, and in particular our continued trend of improving our EBITDA position.

The Board reviewed our Environmental, Social and Governance report and noted this reflected our focus in these areas.

The Chair of the Audit Committee recorded the Committee's recognition of the excellent job by the Group finance team in preparing the financial statements under unique circumstances

Decided: The Board:

- 1) Approved the 2019/20 Group financial statements**
- 2) Confirmed the preparation of the financial statements using the going concern basis**
- 3) Approved the Letter of Representation and note the related letter of comfort from the Group CEO to Group Chair**
- 4) Delegated authority to the Group Director of Finance to sign the 2019/20 City Building (Glasgow) LLP financial statements subject to the two adjustments note in paragraph 6.6;**
- 5) Approved the Environmental, Social and Governance report.**

13. b) Annual Internal Audit Report

The Board considered the Annual Internal Audit opinion, which provided further comfort on the assurance levels supporting the financial statements.

Decided: The Board noted the Annual Internal Audit Report.

14. Strategic risk register update

The Board received a summary of the updated to the strategic risk register, which was subject to detailed review by the Group Audit Committee. It was agreed the update reflected the changes to our operating context. The Board reiterated that our risk register required to remain under ongoing review.

Decided: The Board approved the amendments to the Strategic Risk Register.

15. Finance report

The Board received an update on the Group's financial performance for the period to 30 June 2020.

The Board considered financial performance, in particular the impact of the pandemic on capital expenditure. It was noted that our financial position remains robust and the key variances in our full year reforecast related to the impact of the pandemic.

Decided: The Board noted the financial performance to 30 June 2020.

16. Treasury report

The Board carefully considered our liquidity position, the potential impacts of current macroeconomic events on our funding structure and our covenant compliance. An update was sought on whether the transition to SONIA gave rise to any specific risk. It was confirmed we do not anticipate the transition giving rise to any material issues.

Decided: The Board

- 1) Note the liquidity position for the Group;**
- 2) Note the current macroeconomic climate and the impact on our debt position; and**
- 3) Note the covenant compliance across WFL1, WFL2 and DGHP.**

17. Governance update

The Board received an update on a range of governance related matters, which were the culmination of areas discussed in recent months and annual obligations.

The Board discussed the updated succession plans, which were subject to a full review by the RAAG Committee and focussed on ensuring we have a balance of continuity and an orderly transition.

The Board considered the feedback from the DGHP Board on the proposed use of membership powers and the DGHP Board's underpinning rationale of responding to the feedback of its tenants.

The Board noted that the Article changes were consistent with discussions to date and that the tenure extensions were short term to address a specific risk arising from the impact of the pandemic.

Decided: The Board

- 1) Agreed to call a virtual Special General Meeting at 17.00 on Wednesday 30 September 2020 to pass a resolution to adopt the revised Articles of Association at Appendix 1**
- 2) Agreed to call a virtual Annual General Meeting at 17.10 on Wednesday 30 September 2020**
- 3) Approved the Parent Appointees for the subsidiary General Meetings as set out in the report and instruct them to vote in favour of all resolutions**

- 4) Agreed to use the Parent power to end the membership of all non tenant/Board member members of Dumfries and Galloway Housing Partnership Limited
- 5) Noted that Alastair MacNish, Sheila Gunn, Peter Kelly, John Hill, James Muir and Martin Kelso accepted the 12 month extensions and ratify these being incorporated into our revised 3-year succession plan on the basis they Board is satisfied this supports our Board continuity and that all remain effective and independent
- 6) Approved the update to the Board 3-year succession plan to extend Bernadette Hewitt as the GHA Chair until the 2023 AGM and Mary Mulligan as DCH Chair until the 2022 AGM, subject to their continued appraisal as effective and independent
- 7) Approved the Modern Slavery Statement for the Wheatley Housing Group Limited also covering GHA, Dunedin Canmore Housing and DGHP; and
- 8) Delegated authority to the Group Chair to agree the City Building (Glasgow) LLP Modern Slavery Statement on behalf of Wheatley Housing Group as a member of the Partnership.

14. AOCB

There was no other competent business.