ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2023

Wheatley Housing Group Limited

Scottish Housing Regulator Registration No. 363
Registered No. SC426094

CHAIR'S REPORT

When Kensington Palace contacted us last year to ask if we would host a royal visit, they had identified Wheatley Group as an organisation that stood out in 'transforming the lives of disadvantaged and vulnerable people'.

The Duke and Duchess of Cambridge, of course, saw this for themselves when they visited Kennishead in Glasgow in May 2022. The headlines of Wheatley's Royal visit travelled from Kennishead to America and Australia.

Recognition, if anyone was in any doubt, of Wheatley's standing as a national force for good, with a reputation forged by the deeds and dedication of Team Wheatley and the commitment and diligence of board members.

This was brought into sharp focus this year, the second year of our 'Your Home, Your Community, Your Future' strategy, in which we consolidated our new operating model and rose to the challenge of supporting our customers through the growing economic crisis.

Our new model blends digital and face-to-face engagement, while maintaining a personalised approach which ensures services are tailored to our customers' needs. That customer-focused way of working, and the wide range of ways we engage, helps us understand the needs of the people we work for and respond to them effectively. That was more important than ever this year with the rising price of food and energy costs, as well as the continuing difficulties brought on by Universal Credit.

This was the first full year of our Customer First Centre ("CFC"), a key pillar in our new operating model, with customer service requests diverted straight to frontline teams, leading to a quicker and more efficient response.

We continued to re-cast our corporate estate this year, with six Centres of Excellence – places for staff, customers, and stakeholders to meet, collaborate and learn – now open in Glasgow, Edinburgh, and Dumfries, along with conveniently located touchdown points across our communities.

With digitally focused staff equipped to work from any location and our face-to-face staff being mobile, we can respond with increasing agility to changing customer demands.

Our commitment to increasing the supply of new homes remained as strong as ever this year, as did our support for the Scottish Government's "Housing to 2040" vision. With 644 homes built over the year, and work starting on another 769 since April 2022 taking the total units on site to 1,521, we are on track to meet our target of building 4,000 new homes over the five year period to 2026.

We continued to accelerate our journey to net zero with a reduction in our carbon emissions of 4,138 tonnes this year, above our target of 4,000 tonnes per year.

For us, sustainability is not only about meeting targets and cutting emissions, but about changing lives and communities for the better. Our investment makes warmth more affordable and helps reduce fuel poverty but does not mean reduced services or lower investment elsewhere. That is what we mean by a 'just transition' to net zero.

CHAIR'S REPORT (continued)

Wheatley is a key national partner in tackling homelessness, and we allocated 2,207 homes to homeless applicants over the year. That included 46 homes through Housing First, the multi-agency partnership to tackle rough sleeping in which Wheatley plays a leading role. This was Wheatley 'transforming the lives of disadvantaged and vulnerable people' while also making a positive contribution to national outcomes.

The year saw the launch of our 'Here for You' campaign, which brought together our extensive wraparound services under one recognisable banner and ensured customers receive lifeline support with food, fuel, and rent. Wheatley Foundation supported more than 23,000 people through its poverty and social inclusion programmes, including EatWell, Home Comforts, My Great Start, and the Dolly Parton Imagination Library initiative.

The Foundation created 802 jobs, training and apprenticeship opportunities for people living in our homes and communities. With a third of our RSL tenants now on Universal Credit, our advisors helped customers claim back more than £13m in welfare benefits this year.

The ever-closer relationships we have with customers helped us limit our gross rent arrears to 5.4% at year-end. Our 'Stronger Voices' programme has a clear focus on the co-development and co-design of services, and 2,000 customers took part in engagement activities this year.

The Group structure continued to evolve in 2022/23. West Lothian Housing Partnership ("WLHP") formally became part of Dunedin Canmore Housing in September, a move supported by 90% of WLHP tenants who took part in an independent ballot, and Dunedin Canmore Housing formally changed its name to Wheatley Homes East in October. Dumfries and Galloway Housing Partnership ("DGHP") formally changed its name to Wheatley Homes South in October 2022 after extensive engagement with tenants and reflecting the extra services available since DGHP joined Wheatley Group in 2019.

Finally, when Martin Armstrong stepped back from the role of Chief Executive during the year, he left a high-performing organisation with dedicated staff and widely recognised as a major force for good across the country.

Steven Henderson's extensive experience in the sectors in which we operate, along with a proven track record and exceptional leadership skills, marked him out as the outstanding candidate to succeed Martin as Chief Executive. Steven shares the same drive and passion to deliver outstanding services in the communities we serve, while using our size and scale to deliver on a national level too.

I continue to be immensely proud to Chair an organisation which continues to show its unshakeable commitment to excellence and its unwavering support for customers in these challenging times.

DocuSigned by:

Jo Armstrong

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Jo Armstrong

Chair of Wheatley Housing Group Board

CHIEF EXECUTIVE'S REPORT

This was a year of change at Wheatley, on more than one front.

A year of transition. A year of successes and achievement. A year of unprecedented challenges for our customers and our sectors.

It was a year – my first as Chief Executive – in which, I am proud to say, brought out the very best of Team Wheatley.

We consolidated our new operating model while, at the same time doing everything we could to support customers through the impact of the cost-of-living crisis, retaining the strong relationships with our customers which helped us respond to their needs quickly and effectively.

Wheatley retained its A+ (stable outlook) rating from Standard and Poor's this year, reflecting our financial performance, progress on our ambitious new-build programme, success in embedding sustainability targets within our financing and the evolving Scottish policy and regulatory context. Our operational efficiencies helped us manage the cost increases we faced over the year, while allowing us to support our customers and keep rents affordable at the same time.

So many of our customers struggled with the growing economic crisis this year, from the rising price of food and ever-increasing energy costs to the on-going difficulties brought on by Universal Credit.

It was a year which brought its own set of challenges for the sector, with the Cost of Living (Tenant Protection) (Scotland) Act introduced to freeze rents for Registered Social Landlords until the end of March 2023. Subsequent legislation saw social landlords introduce rent increases well below the rate of inflation while still being able to deliver on their commitments and services tenants wish to be delivered.

This year we launched our 'Here for You' campaign to help alleviate some of the hardship brought on by the cost-of-living crisis. More than 10,400 referrals were made to Here for You over the year, with customers receiving lifeline help with food, fuel, and rent. EatWell, our emergency food service, helped 4,418 households this year by distributing 6,186 supermarket vouchers. Our fuel advisors supported 4,574 customers with their bills and helped people access almost 10,000 fuel vouchers worth more than £480k to help alleviate fuel poverty. We also helped more than 5,200 households to pay their rent.

A total of 20,157 Wheatley customers are on Universal Credit, 33% of our RSL tenants, an increase of 2.4% from last year. Our welfare benefits advisors supported 7,386 people and helped them claim back more than £13 million in benefits and tax credits they were due.

It was also a year when Wheatley Foundation stepped up once again to be a lifeline for people in our communities. Our Foundation supported more than 23,000 people this year, created 802 jobs, training and apprenticeship places, awarded 56 people from our homes an education bursary to go to university or college, and helped 627 children under five get the best start in life by sending them free books thanks to our partnership with the Dolly Parton Imagination Library.

CHIEF EXECUTIVE'S REPORT (continued)

Our new Customer First Centre ("CFC") is a key element of Wheatley's hybrid way of working, with expert staff using a variety of channels to support customer service requests and inquiries. Our new operating model puts customers even more at the heart of what we do, equipping frontline staff to spend even more time supporting tenants in their homes and communities. In this, its first full year, CFC staff dealt with more than 830,000 calls, answered 76.8% within 30 seconds and resolved 89% of enquiries at the first point of contact.

It was a year also when our Greener Homes, Greener Lives campaign became further embedded into our everyday work. We reduced carbon emissions by 4,138 tonnes this year and improved the energy performance band of over 1,300 homes, with more than 90% of our stock now at EPC rating C or better. We installed 3,139 Connected Response systems, which can lead to a 20% reduction in energy consumption, in Glasgow over the year.

Elsewhere, the need for more affordable housing showed no signs of abating. Wheatley invested £95.5m building 644 homes over the year, 519 for social rent and 125 for mid-market rent. That helped transform lives and communities from Queens Quay in Clydebank to Almondvale Court in Livingston, and from Nursery Avenue in Stranraer to Damshot Crescent in Glasgow. We also started work on another 769 new homes at 11 developments across the year taking the total units on site to 1,521 across 19 developments.

Over the year we invested £76.7m improving our existing homes, making them safer, more energy efficient and more attractive. We completed 91.9% of repairs right first time and we continue to be 100% compliant with gas safety.

We continued to provide support to homeless people in 2022/23, allocating 2,207 homes and well above our target of 2,000 homes – to homeless applicants over the year. We also provided 223 homes to local authorities to help house Ukrainian refugees. Our Group-wide tenancy sustainment rate was at 89% this year. The number of accidental fires in our homes fell for the third consecutive year.

As we outlined in our strategy, our approach to engagement is increasingly digital and online, allowing us to broaden our reach and provide customers with ease of access at a time and in a way that suits them.

Our digital transformation continued to move forward at pace. More than 49,100 customers – around 52% of our customer base – were registered for an online account by the end of the year, over 1,118,000 visitors used our websites this year, and our combined total of social media followers grew to almost 52,000.

As an agile, flexible organisation, change has always been in Wheatley's DNA and this year was no exception. In September, West Lothian Housing Partnership ("WLHP") joined forces with Dunedin Canmore Housing, a move supported by a tenant ballot, and Dunedin Canmore Housing became Wheatley Homes East in October. Dumfries and Galloway Housing Partnership ("DGHP") formally changed its name to Wheatley Homes South in October after extensive engagement with tenants.

CHIEF EXECUTIVE'S REPORT (continued)

Wheatley Care supported 8,168 people in 2022/23, helping them get the most out of their lives and achieve their own positive outcomes. Our 'Stronger Voices' programme helped us further enhance engagement, with around 2,000 customers involved in more than 1,200 activities this year.

We retained Investors in People's Platinum accreditation in 2022/23, as well as Customer Service Excellence accreditation, the national standard for excellence in customer service in public sector organisations overseen by the UK Government's Cabinet Office.

Of course, this year of change cannot pass without paying tribute to my predecessor, Martin Armstrong. Along with our Board members, staff and partners, Martin helped build an organisation that is an incredible force for good; one renowned for delivering award-winning services and building and maintaining homes and communities people are proud to live in.

Our watchwords down the years have been excellence, innovation, agility, dedication, commitment. Our reputation has been earned through decisive, purposeful action, resulting in effective, sustainable solutions and a caring, compassionate ethos that puts the people we work for first and at the heart of our thinking, planning and actions.

With the support of Team Wheatley and our 'Thinking Yes Together' culture, I look forward to continuing that outstanding work.

DocuSigned by:

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Steven Henderson

Wheatley Housing Group Chief Executive

THE YEAR AT A GLANCE – HIGHLIGHTS OF 2022/23

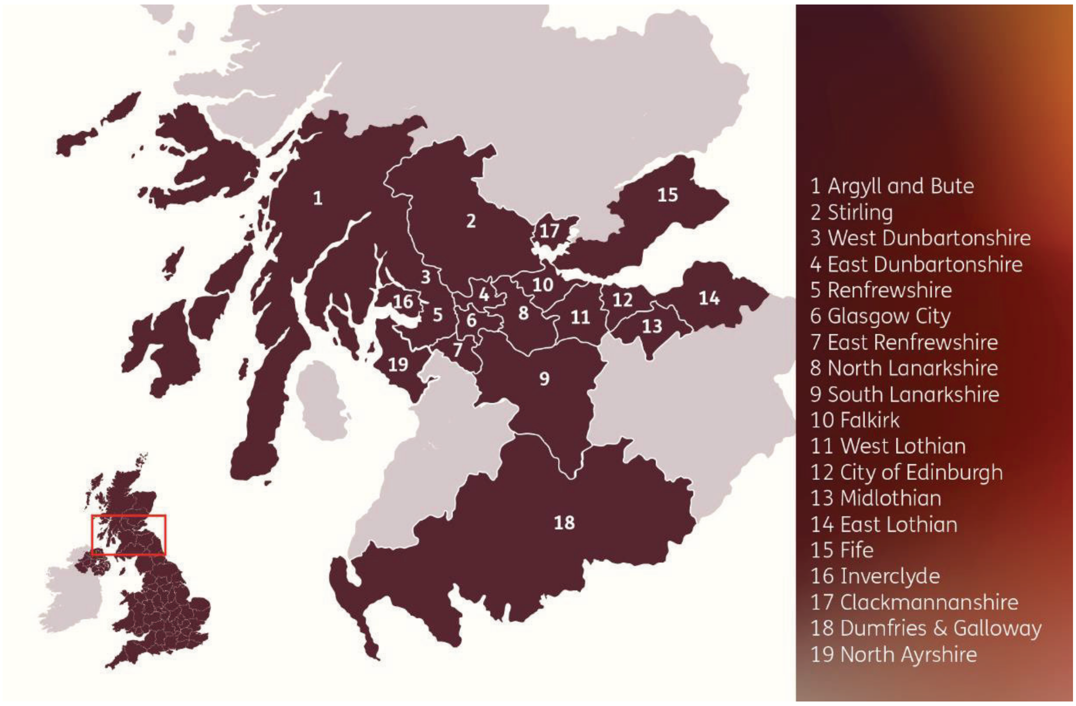
- Turnover grew from £418.0m to £423.6m
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of £143.4m
- Standard & Poor's credit rating retained at A+ "stable"
- Cash and undrawn facilities of £310.0m and available loan security of £417.0m
- Housing property values increased by £122.1m to £2,739.1m
- Management and administration cost per property of £1,047 down from £1,100
- 644 new homes completed over the year and over 1,850 on site or due on site
- Tenancy sustainment rate of 89%
- 2,207 lets made to homeless individuals or households comprising of 53% of all lets
- £76.7m invested in our homes and a further £97.5m spent on repairs and maintenance
- Over 23,000 people supported through The Wheatley Foundation this year
- Carbon emissions from our homes reduced by over 4,100 tonnes per annum
- 90% of our homes are EPC band C or better
- 70% of Care services graded Very Good or Excellent compared to a Scottish average of 39%.

STRATEGIC REPORT

Wheatley Group ("Wheatley", "the Group") is one of the UK's most dynamic, agile and best-performing housing, care and property-management groups. Our mission is 'Making Homes and Lives Better'.

Owning over 64,000 homes, Wheatley is Scotland's largest housing group and delivers award-winning services to over 210,000 people across 19 local authorities in Scotland. Our services are delivered through our charitable Registered Social Landlords, care organisation and our mid-market letting and property management subsidiary. The activities of the Group are supported by Wheatley Solutions our support services subsidiary. The Group's charitable trust, the Wheatley Foundation, invests its funding to create opportunities for people to improve their lives.

Each part of the Wheatley family is focused on delivering excellence no matter what they do and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers.



The Wheatley family comprises of:

- Wheatley Homes Glasgow Limited ("WH Glasgow") is the largest part of the Group and has an operational footprint within the Glasgow City Council boundary. At 31 March 2023, WH Glasgow owned or managed over 43,550 affordable homes growing during the year following the completion of 119 new homes in the year. WH Glasgow previously operated as The Glasgow Housing Association and has been trading as WH Glasgow since 1 April 2022, legally changing its name on 20 July 2022.
- Loretto Housing Association Limited ("LHA") with over 2,700 properties owned and managed also grew during the year with the completion of 205 new-build homes.

STRATEGIC REPORT (continued)

- Wheatley Homes East Limited ("WH East") operates in Edinburgh, the Lothians and Fife and grew during the year following the transfer of West Lothian Housing Partnership ("WLHP") properties. Our presence in the east of Scotland continued to grow with 283 properties completed in the year increasing to over 7,150 homes. WH East previously operated as Dunedin Canmore Housing Limited ("DCH"), legally changing its name on 12 October 2022.
- Wheatley Homes South Limited ("WH South") completed a further 37 new homes this year owning or managing over 10,300 homes. WH South previously operated as Dumfries and Galloway Housing Partnership ("DGHP"), legally changing its name on 27 September 2022.
- Wheatley Development Scotland Limited ("WDS") is a development company providing design and build services to the Registered Social Landlords in the Group. WDS previously operated as DGHP 3 Limited, legally changing its name on 1 April 2022.

The RSLs in the Group owned or managed a total of 63,805 homes at the end of the year.

- Lowther Homes Limited ("Lowther") owns a portfolio of 1,172 private rented homes, provides management services to the Group's mid-market rented homes and provides property management services to almost 29,000 customers who own their properties.
- Wheatley Care which in financial terms represents a small but important part of the Group with turnover less than 5% of overall Group revenues. They support over 8,100 people with specialist needs, many of whom live in properties owned by the Registered Social Landlords in the Group.
- Wheatley Solutions provides support services, ranging from finance, IT and procurement to governance, assurance, legal, marketing and communications to the Group's partner organisations.
- Wheatley Foundation, delivers our community and better lives activity, investing £6.6m in 2022/23 to help improve the lives of the people it supports.

- The Group has a 50% interest in City Building (Glasgow) LLP ("CBG") under a 50:50 joint venture arrangement with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries, principally those in the west of Scotland. A share of the results of CBG is included in the financial statements.

Wheatley Housing Group Limited, as the Group parent, does not own any homes but provides strategic oversight to all subsidiaries and is registered with the Scottish Housing Regulator.

Review of the year

This year, the second year of our 'Your Home, Your Community, Your Future' strategy, saw us consolidate our new operating model and rise to the challenge of supporting our customers through the cost-of-living crisis.

Many of our customers were still coping with the aftermath of the pandemic including the effects of job insecurity and associated financial hardship. We supported them in every way we could through the difficulties caused by the growing economic crisis over the year, from the rising price of food to increasing energy costs, as well as the continuing challenges brought on by Universal Credit. Our customer-focused way of working, and the range of ways we engage, help us understand the needs of our customers and respond to them effectively.

STRATEGIC REPORT (continued)

The year saw the launch of our 'Here for You' campaign to help alleviate the hardship experienced by so many of our customers. The campaign, delivered through the Wheatley Foundation, brought together our extensive wraparound services under one recognisable banner and also involved signposting customers to help from partner organisations across our communities.

Our five year strategy *Your Home, your Community, Your Future* builds on our five key themes of:

- **Delivering exceptional customer experience**
- **Making the most of our homes and assets**
- **Changing lives and communities**
- **Developing our shared capability**
- **Enabling our ambitions**

A summary of our work under each of our strategic theme is set out below.

Delivering exceptional customer experience

Strong business performance

This year, the second year of our 'Your Home, Your Community, Your Future' strategy, saw us consolidate our new operating model and support our customers through the cost-of-living crisis.

Our customer-focused way of working, and the range of ways we engage, helped us maintain the strong relationships we have with the people we work for and respond to their needs effectively.

Despite the many challenges we faced over the year, Wheatley's social landlords continued to maintain high levels of performance across the indicators we report to the Scottish Housing Regulator.

Our gross rent arrears at the end of 2022/23 stood at 5.4%, well within our target of 5.7%. The average days to re-let our homes was 18.6 days, an improvement from 21.6 days last year.

Wheatley continued to provide support to homeless people in 2022/23, allocating 2,207 homes - well above our target of 2,000 homes – to homeless applicants over the year. A key focus for the Group is supporting our customers to maintain their tenancies to achieve long-term stability, and our Group-wide tenancy sustainment rate this year stood at 89%.

We completed 91.9% of repairs right first time and we continue to be 100% compliant with gas safety. The number of accidental fires in Wheatley homes fell for the third consecutive year, amounting to a 32% reduction over that same period.

Improving our repairs service

We launched a new specialist repairs team serving WH Glasgow and Loretto in January 2023 to help us continue to improve our service. The *MyRepairs* team provides specialist staff to deal with complex repairs cases and means Housing Officers can spend more time in communities visiting and working with customers.

STRATEGIC REPORT (continued)

We also renewed our focus on dealing with damp and mould in our homes this year. Reports about damp or mould are investigated within 48 hours and we aim to complete any repairs required within 15 working days. The number of properties reporting issues with damp and mould remains low and as part of a rolling annual programme we commissioned full internal inspections of 6,000 homes with a higher risk of damp and mould due to their build type or history to ensure that any wider archetypal issues around the quality of our homes were raised. The surveys did not uncover evidence of any systemic concerns and we will continue our programme of internal surveys into 2023/24.

The year saw an increase in the volume of repairs. Over the year, we delivered 280,560 reactive repairs. Across the Group, the average time to complete emergency repairs this year was 3.4 hours. Group-wide satisfaction with repairs was at 88.9%, just below our target of 90%.

We piloted our new – 'Book It, Track It, Rate It' service – which lets customers know via a text message to their mobile phone when their repair is booked, when a tradesperson is on the way and when they should arrive. It also allows customers to rate the service. This will help us improve customer satisfaction and reduce the need for follow-up calls. Following the successful completion of the pilot the service is now being rolled out across the Group.

Customer First Centre

This was the first full year of our Customer First Centre ("CFC"), a key pillar in our new operating model.

The CFC provides specialist support and 24/7 cover, with experienced advisors and housing professionals using everything from webchat to telephone and emails to offer first contact resolutions to tenant service requests and queries.

Staff at the CFC received more than 830,000 calls over the year, 76.8% of which were answered within 30 seconds. The call abandonment rate was just 4.7%, below our target of 7% and below the typical industry benchmark of 9%. Our advisors resolved 89% of enquiries at the first point of contact.

The CFC reported an average wait time of 57.6 seconds over the year, but that had reduced to 35 seconds by the end of March 2023. Recent feedback from Housemark, a leading data and insight company for the UK housing sector, shows average wait times increasing across the sector.

Engaging with customers

Customers have always been at the heart of what we do at Wheatley and giving people more opportunities to shape services is central to our five-year strategy, 'Your Home, Your Community, Your Future'.

Our 'Stronger Voices' programme helps us further enhance engagement, with a focus on co-development and co-design. Around 2,000 customers of Wheatley's social landlords were involved in more than 1,200 events and activities this year. Our tenants also make up 40% of our Board members across the Group.

STRATEGIC REPORT (continued)

A total of 880 customers took part in 22 regional panels discussing scrutiny, community safety, rent and environmental issues, while 70 people joined focus groups to help improve our repairs service. Customers were also involved in focus groups and surveys to shape Group policies. Customers who had experience homelessness provided us with feedback on the matching process and this has been adopted as a core part of the new Homelessness Policy. Our Sustainability Policy reflects the balance between the reduction of emissions and the financial impact which customers told us was important; our policy includes a commitment that our investment to reach net zero will not disadvantage those least able to afford it through, for example, increased energy costs. Customers were involved in the development of our customer guide to equality data collection and their feedback has helped improve the presentation, language and descriptions used in documents to made them appeal to a broader range of customers.

Customers also took part in neighbourhood walkabouts, community safety and investment panels, as well as coffee mornings and open days.

More than 100 people were involved in our 'You Choose Challenge', a community benefits fund providing up to £5,000 for customers to spend on improvements in their neighbourhoods. Projects included raised planters in Annan, an activity trail in Dumbarton and community events for parents and toddlers in Milton, Glasgow.

In September 2022, an independent ballot of West Lothian Housing Partnership ("WLHP") tenants saw 90% of those who took part support a merger with fellow Wheatley Group subsidiary Dunedin Canmore Housing, before Dunedin Canmore Housing formally changed its name to Wheatley Homes East in October 2022.

In Dumfries and Galloway, almost 1,000 Wheatley Homes South customers took part in drop-in sessions, online surveys and focus groups around our plans for the regeneration of Lochside, Annan, Kelloholm, Troqueer and Summerhill.

Wheatley Homes South also consulted with customers and other partners over the year on creating a new online housing information, advice and letting service – Homes4D&G – which has now successfully launched.

A total of 20 young people also took part in Wheatley Care's flagship music project The Ensemble, which sees young people collaborate with professional musicians to create music to improve confidence, resilience and wellbeing.

There were 157 new referrals to Wheatley Care's Knightswood Connects project this year, with more than 1,000 older people in Glasgow taking part in activities including art and exercise classes to help reduce the impact of social isolation.

STRATEGIC REPORT (continued)

Making the most of our homes and assets

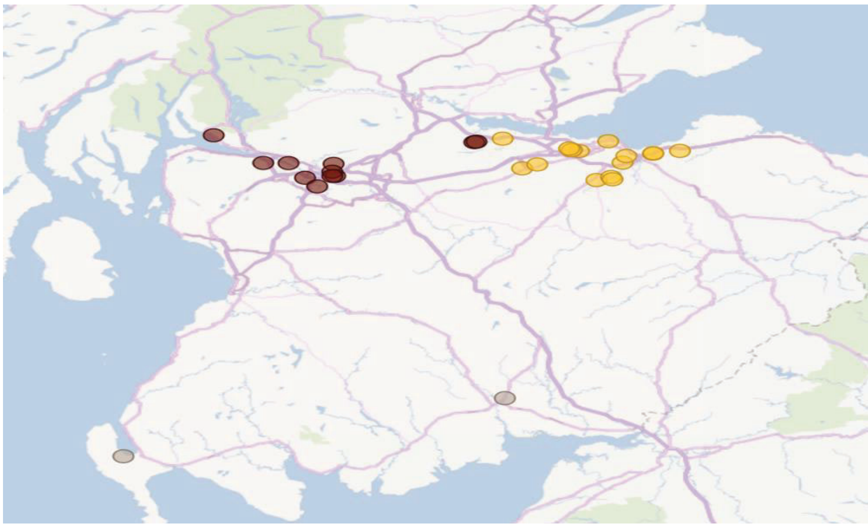
New-build homes

We built 644 homes over the year, 519 for social rent and 125 for mid-market rent. We also started work on another 769 new homes – 436 social rent and 333 mid-market rent – at 11 sites across the year.

Our new-build programme included:

- 80 new Loretto homes at Queens Quay, Clydebank;
- 26 for Wheatley Homes Glasgow at Damshot Crescent, Pollok;
- 19 new Wheatley Homes South homes at Nursery Avenue, Stranraer;
- 146 for Wheatley Homes East at Almondvale, Livingston; and
- 46 new homes for mid-market rent at Watson Street, Glasgow.

The map below shows the areas of the developments where we completed and are on site for the development of new homes in 2022/23.



Investment in existing homes

Over the year we invested £76.7m improving our existing homes, making them safer, more energy efficient and more attractive places to live.

Key projects carried out this year included:

- £4.2m on new heating systems for 1,769 homes in Glasgow;
- £2.5m on 'Connected Response' installations in 3,139 homes in Glasgow to help people with their electricity bills;
- £2.5m on new windows in Glasgow with 110 homes benefitting from new energy efficient window upgrades in Pollok and Nitshill with a further 64 reactive replacements across the city;
- £2.3m on new emergency lighting within 4 MSF blocks in Shawlands, new smoke & heat detectors in circa 5,000 homes across the city;

STRATEGIC REPORT (continued)

- £2.5m on new controlled entry and CCTV in Wyndford, Broomhill and Gorget estates;
- £1.2m on lift replacements within MSFs in Knightswood, Royston and Castlemilk;
- £1.7m on new kitchens for 182 homes across Wigtown, Stewartry and Nithsdale;
- £1.6m on net-zero technology, including air source heat pumps, solar panels and storage batteries in 96 homes across Dumfries and Galloway;
- £2.6m on window and door replacement programme for 304 homes across Annandale & Eskdale, Nithsdale, Stewarty and Wigtown;
- £1.0m on improvements to 107 Wheatley Homes East pre-1919 tenements in Edinburgh;
- £450k on new bathrooms for 118 Wheatley Homes East households in Slateford Green and Castlebrae, Edinburgh, and Belvedere Place in Bathgate; and
- £460k on new windows for 85 Loretto homes in Blantyre and Airdrie.

Regeneration plans

Wheatley Homes Glasgow's plans for the £73million transformation of Wyndford continued. By the end of 2022/23, more than 96% of tenants in the four blocks earmarked for demolition had moved or been offered another home. Tenants have been involved in developing the regeneration plans for the new homes through our Wyndford Future Focus group.

We work in partnership with Glasgow City Council as members of Transforming Communities: Glasgow, a body to oversee the delivery of regeneration and development across eight areas identified across the city as Transformational Regeneration Areas or TRAs.

In Wheatley Homes South we began consulting customers in Lochside, Summerhill and Annan this year over ambitious plans which will see modern, high-quality affordable homes built across those communities.

Sustainability

Sustainability has always been at the heart of Wheatley's aim of making homes and lives better. This year we emphasised this through publishing our Sustainability Framework.

For us, sustainability is not only about meeting targets and reducing emissions, but about changing lives and communities for the better.

Our investment makes warmth more affordable and helps reduce fuel poverty whilst retaining services and investment in other areas. That's what a 'just transition' means for our communities. Over the year we improved the energy performance band of over 1,300 of our homes, and now have over 90% of our properties are at EPC rating C or better.

We reduced emissions by improving the fabric of our homes as well as investing in low and zero-carbon heating systems with air-source, ground source, and solar PV.

We installed 3,139 Connected Response systems – the smart control system for electric storage heating which can lead to a 20% reduction in energy consumption – in Glasgow over the year.

Our expert 'Pathway to Net-zero Advisory Group' continued work with us as we developed our sustainability strategy, considered innovative solutions and built collective insight on latest thinking on meeting the Scottish Government's climate change targets.

STRATEGIC REPORT (continued)

Wheatley also benefited from support from Scottish Government for the energy-efficiency related improvements we are making in our homes though its Social Housing Net Zero fund.

Across the Group's own corporate activities, we have committed to being carbon neutral by 2026. Progress is assessed annually by Planet Mark. This year, 2022/23, marked the fourth year of our corporate activities Business Certification with Planet Mark. Our measured carbon emissions from our corporate activities were:

Co2e tn	**2020/21**	**2021/22**	**2022/23**
Scope 1 Emissions from sources owned or controlled directly by us	126.6	1614.0	1847.0
Scope 2 Emissions caused indirectly as a result of our activities such as electricity purchased by us	75.4	476.7	279.2
Scope 3 Emissions produced by our supply chain (for example, travel for business purposes not procured by us)	21.0	274.1	458.2

Source: Planet Mark

Remobilising our services and workforce as we moved out of pandemic restrictions increased our Scope 1 and Scope 3 emissions in 2023, compared with 2022. The reduction in Scope 2 emissions is a result of the investment we made in developing our corporate estate to align with our modernised business operating model and sustainability objectives.

We also report sustainability measures in our **Streamlined Energy and Carbon Reporting** ("SECR"). Wheatley Housing Group, including its wholly owned subsidiaries, reported the following energy usage and carbon emissions for the year to 31 March 2023:

- Underlying global utilities use for the organisation for the year ended 31 March 2023 of 34,126,229 kWh (year to March 2022 was: 33,540,763kWh)

- Annual greenhouse gas ("GHG") emissions for the year reported in tonnes of carbon dioxide equivalent of 7,166 tonnes of CO_2 (2022: 12,309.45 tonnes of CO_2)

- Emissions intensity ratio of 0.210 $kgCO_2/kWh$ (2022: 0.367 $kgCO_2/kWh$). The ratio is reported as a composite measure of grid purchased electricity and gas carbon intensities which is judged to be reflective of the Group's energy usage and calculated using the UK Government Standard Assessment Procedure ("SAP") table 12 emissions factors for these types of energy uses.

The reduction in the carbon intensity ratio is due to the most recent Standard Assessment Procedure ("SAP") (version 10.2) methodology update which better reflects the decarbonisation of the grid.

The methodology used to measure usage and emissions complies with the Energy Saving Opportunity Scheme ("ESOS") legislation and has been registered with the Scottish Environmental Protection Agency ("SEPA").

More information is provided in our Environmental, Social and Governance Report for 2022/23.

STRATEGIC REPORT (continued)

Centres of Excellence

This year, the second year of our new service model, saw us continue to re-cast our corporate estate to better meet the needs of our customers and staff.

We now have a network of six Centres of Excellence – places for staff, customers and stakeholders to meet, collaborate and learn – covering Glasgow, Edinburgh and Dumfries. We also have conveniently located touchdown points, which provide staff with a base between visits to customers' homes, in areas where we have the greatest concentration of housing stock.

Changing lives and communities

Support for customers

Many Wheatley customers were coping with the difficulties caused by the growing economic crisis over the year, from the rising price of food to increasing energy costs, as well as the continuing challenges brought on by Universal Credit.

Our customer-focused way of working, and the range of ways we engage, help us understand the needs of the people we work for and respond to them effectively.

The year saw the launch of our 'Here for You' campaign delivered by the Wheatley Foundation to help alleviate the hardship experienced by so many. More than 10,400 referrals were made to Here for You over the year, with customers receiving lifeline help with food, fuel and rent financial support.

A total of 20,157 Wheatley customers are on Universal Credit, 33% of our RSL tenants and an increase of 2.4% from last year. Our welfare benefits advisors supported 7,386 people and helped them claim back more than £13 million in benefits and tax credits they were entitled to. Our fuel advisors supported 4,574 Wheatley customers save more than £400k on their gas and electricity bills. We also helped customers access almost 10,000 vouchers worth more than £480k to help alleviate fuel poverty.

Supporting and creating employment

Despite the challenges posed by the growing economic crisis, we secured 802 jobs, training and apprenticeship opportunities for people living in our homes and communities this year. A total of 108 people took part in our four-week employability programme Environmental Roots, and 67 trainees started our one-year environmental-based work placement Changing Lives.

The community benefit clauses in Wheatley Group's new-build and investment programmes created 63 jobs and training opportunities this year, including 34 work placements, 11 apprenticeships and 18 jobs. A total of 27 young people started a modern apprenticeship with Wheatley this year, while our partners City Building took on 64 trade apprentices.

This year, we supported more than 23,000 people through our Poverty and Social Inclusion programmes.

STRATEGIC REPORT (continued)

Over the year, Wheatley's social landlords:

- supported 1,125 new tenants with money and benefits advice through My Great Start;
- helped 4,418 households put food on the table through our EatWell service;
- gave 809 households free upcycled furniture through Home Comforts;
- awarded 56 people from our homes a bursary to go to university or college;
- provided 851 tenants with household items when moving into their home through Starter Packs;
- helped 2,905 people get online through the John Wheatley Learning Network; and
- provided free books every month for 627 children under five in our homes through the Dolly Parton Imagination Library.

Letting homes

Throughout the year, we continued to provide support to homeless people, allocating 2,207 homes to homeless people over the year.

Of that total, 46 homes were provided to Housing First, a multi-agency partnership to tackle rough sleeping and homelessness in which Wheatley plays a leading role. We also 'flipped' 59 temporary accommodations to permanent tenancies for the homeless people living in them. Wheatley also provided 223 homes to local authority partners to house Ukrainian refugees.

Improving our neighbourhoods

We continued our work to create clean and safe neighbourhoods people are proud to live in.

Wheatley's partnership with environmental charity Keep Scotland Beautiful continued to see our communities inspected and graded to help drive up standards.

In 2022-23, almost 90% of Wheatley Homes Glasgow neighbourhoods achieved the five-star rating, the highest possible score, while all our neighbourhoods assessed in 2022-23 achieved five stars.

An environmental week of action in March 2023 saw us tackle bulk uplift and fly tipping, upgrade community spaces and join community groups, schools and other partner organisations in litter picks, helping us improve neighbourhoods and engage with our customers.

Wheatley's Community Improvement Partnership ("CIP") – a specialist team of seconded police and our own frontline staff – continued to work with communities to tackle anti-social behaviour and crime. The CIP worked with 150 Wheatley customers over the year to produce our 'Neighbourliness Charter' to help create thriving, peaceful communities. The 'Keep the Peace' campaign, which promoted community engagement activities and highlighted support around anti-social behaviour, reached almost 118,000 social media accounts over the year. The CIP team worked with partners and supported customers in Glasgow, Edinburgh and Dumfries and Galloway to tackle crime and anti-social behaviour in our communities.

We helped protect customers from the risk of fire by carrying out more than 737 person-centred fire risk assessments – formerly known as home fire safety visits – in our homes last year. We also carried out 54 fire risk assessments in our multi-storey blocks and our Livingwell complexes.

STRATEGIC REPORT (continued)

In the past year, we delivered fire safety products to 390 Wheatley customers, including 182 stove guard devices, and carried out 262 fire safety improvements, including replacing letter boxes, adjusting entrance doors and re-aligning internal doors, and upgraded fire alarms in 114 homes.

The number of accidental fires in Wheatley homes fell for the third consecutive year, amounting to a 32% reduction over that same period.

Wheatley Care

At Wheatley Care, we continued to deliver personalised care services to ensure the people we work for have more control over their lives and new opportunities to build their skills and resilience.

In 2022/23, Wheatley Care supported 8,168 people across our services spanning 10 local authority areas, helping them get the most out of their lives and achieve their own positive outcomes.

Our Tenancy Support Service ("TSS"), operating in Glasgow, continued to support vulnerable tenants of Wheatley's social landlords to maintain their tenancies through specialised support. The TSS supported 1,577 customers over the year, ranging from money and budgeting advice to help with addictions and health and wellbeing.

Wheatley's Livingwell service helps older tenants live independently in their own homes for longer, with support from housing and care staff. A total of 1,095 people were supported at 33 Livingwell complexes over the year. The first Livingwell service outside Glasgow opened at Almondvale Court in Livingston in 2022/23. New Livingwell developments are expected to open in Edinburgh next year and we continued working with Wheatley's social landlords on the design and planning of these new homes.

In 2022/23, we moved people we work for out of Houses of Multiple Occupation in West Lothian and Edinburgh and into their own accommodation where they still received support from Wheatley Care. People involved in this have reported positive outcomes, including better engagement with their community and enhanced privacy, while others have reconnected with their families.

The Care Inspectorate inspected four of our services over the year: the Edinburgh Supported Living and Outreach Support Service, Fullarton Care Home, the Fordneuk Accommodation and Support Service, and Personalised and Self-Directed Support ("SDS") Services in Falkirk and Grangemouth.

Out of our 20 live inspection reports, 70% of our services have achieved a grade of 5 (very good) or above. When broken down into the grades awarded for key themes, 79% of our services have received grades of 5 or above. The Care Inspectorate's most recent figures on performance across the sector show 84% of care services achieved a grade of 4 (good) and above. Our services sit at 100% when benchmarked against these figures.

We continued to support people to engage with their community through a range of activities to improve physical and mental health, reduce social isolation and increase access to employment, volunteering and education. We continued to use Wheatley's 'Stronger Voices, Stronger Communities' framework to help the people we work for shape our services.

STRATEGIC REPORT (continued)

Wheatley Care's flagship music project The Ensemble is a collaboration between people we work for and professional musicians to create music to improve confidence, resilience and wellbeing. A concert in Glasgow in early 2023 – entitled 'Ensemble presents: Songs to House Hope' – was attended by 200 people. A campaign this year raised £1,000 in charitable donations to allow The Ensemble to continue making music, and the band is currently working on its second album.

Our Knightswood Connects project helps reduce the impact of social isolation by promoting engagement opportunities for older people living in the Knightswood area of Glasgow. In 2022-23, the project received 157 new referrals and more than 1,000 people took part in activities including art and exercise classes.

Developing our shared capability

Learning and development

We continued to support staff across Wheatley improve their skills, progress their careers and fulfil their potential.

Opportunities for staff development help us attract and retain the best talent, reflected in the training courses and qualifications we offered new and existing staff over the year. At the same time, we helped ensure Wheatley remains an inclusive place to work which celebrates the diversity of its staff.

Our learning portfolio continued to expand, with our in-house team and external providers delivering a mix of digital and face-to-face learning. We offered 178 in-person training courses in areas such as adult protection, personal safety and medication training, and well over 100 e-learning courses via MyAcademy on topics including first aid, cyber security, data protection and homeworking. More than 200 housing officers attended training on our refreshed Group Allocations Policy.

We helped staff develop their careers this year, with 192 employees completing a professional qualification, of which 171 were a Chartered Institute of Housing (CIH) qualification or a CIH Neighbourhood Maintenance qualification, and 21 were at postgraduate diploma level or above. In addition, we delivered training to external partners in Dumfries and Galloway on a new online housing information, advice and letting service, Homes4D&G.

Our programme for leadership development continued, with 67 staff taking part in 'Aspiring Leadership', 16 managers completing 'Leading with Impact', and another 22 starting our Senior Leadership Development programme.

A culture of inclusion has always been key to our values, and we recognise the importance of diversity in our employees and communities and the benefits this can bring. This year, we developed our new Community of Excellence called 'Different Together' to help us support staff and help them network and engage – and positively influence – our organisation. A total of 220 Wheatley managers went through our Equality, Diversity and Inclusion ("EDI") training, including 40 'EDI champions', and 144 staff attended sessions to increase awareness of neurodiversity. We also held seminars, workshops and advice sessions to support staff experiencing the menopause.

STRATEGIC REPORT (continued)

Wheatley Care ran a programme of activities including art therapy, mindfulness and pet therapy, to help staff connect more and improve morale.

Creating opportunities

We welcomed 229 new staff into Wheatley this year, including 32 housing officers.

Our graduate programme Ignite, one of the largest of its kind in Scotland, went from strength to strength over the year. Participants receive on-the-job training across the Group as well as opportunities for further qualifications and the mentoring support they need to become future leaders. We welcomed 12 new recruits on to the two-year programme this year, eight of whom were internal candidates, while 13 graduates completed the programme and landed full-time jobs across Wheatley, ranging from roles in housing and procurement, to suicide prevention and mental health awareness and carbon reduction.

Despite the challenges posed by the growing economic crisis, Wheatley Works secured 802 jobs, training and apprenticeship opportunities for people living in our homes and communities this year. A total of 108 people took part in our four-week employability programme Environmental Roots, and 67 trainees started our one-year environmental-based work placement Changing Lives.

The community benefit clauses in Wheatley Group's new-build and investment programmes created 63 jobs and training opportunities this year, including 34 work placements, 11 apprenticeships and 18 jobs. A total of 27 young people started a modern apprenticeship with Wheatley this year, while our partners City Building took on 64 trade apprentices.

Reward and recognition

Wheatley's rewards package offered staff a wide range of benefits this year, including shopping discounts, help with childcare, help to buy a bicycle, and support with the costs of opticians and dental treatments.

We retained Investors in People's prestigious Platinum accreditation this year, with assessors interviewing 60 staff across the Group. Wheatley also retained Customer Service Excellence accreditation, the national standard for excellence in customer service in public sector organisations overseen by the UK Government's Cabinet Office.

Enabling our ambitions

Our Group structure and focus on driving operational cost efficiencies has given us the ability and capacity to respond to the financial challenges including inflationary levels which have not been seen in the UK for 40 years. Despite these external economic factors the Group produced a strong and resilient financial performance in 2022/23, whilst protecting the services that are so important to our customers.

Like most social landlords across the UK we experienced increased demand and spend levels for repairs to our existing homes with £97.5m invested during the year to keep our properties in good condition and a further £76.7m in capital improvements. We renewed our approach to dealing with

STRATEGIC REPORT (continued)

reports of damp and mould in our properties, with a commitment to an assessment of the issue within 48hours of it being reported and any work required to resolve to be completed within 15 days. Alongside this we broadened our planned programme of comprehensive internal surveys to cover over 8,500 homes during the year, checking the quality of our properties inside and out and with a particular focus on identifying any cases of damp and mould that may be unreported. It was pleasing to report that the programme of surveys confirmed no evidence of systemic issues and any individual cases picked up were dealt with in line with our target timescales.

The cost-of-living crisis not only impacts the Group with inflation increasing the cost of delivery of services to our customers but also directly on customers, squeezing household budgets. Value for money services and keeping rents affordable has always been an important strategic aim and evermore so during times of financial pressure. We continued our programme of cost efficiencies and reduced management and administration costs, a measure of the level of overheads, from £68.3m to £65.4m or from £1,100 per unit to £1,047 per unit. This builds on the reduction through the period of the last strategy since 2016 during which management cost per unit reduced from £1,177, delivering a real reduction of £24m in costs over the same period.

The number of customers in receipt of Universal Credit ("UC") increased to 20,157 representing a third of our RSL tenants, up 2.4% from last year. We continued to offer support to all our customers with their household finances through our team of Welfare Benefits and Money advisors with Housing Officers able to make referrals quickly and easily. In response to the developing cost-of-living crisis, we were able to utilise our financial capacity to provide £6m of funding to set up our Here For You fund which launched in October 2022 to help customers with food, fuel and rent costs. The variety of support we have been able to offer has been a key part of managing arrears levels which were 5.44% at the end of the financial year. This was a small increase from 4.8% at the previous year end but remained well below the sector average. Arrears are adjusted for the timing of the receipt of housing benefit and as reported in the Scottish Housing Regulator's Annual Return on the Charter which also showed current tenant arrears of 3.73% (2022: 3.39%). Arrears on the balance sheet reported an improving trend at 5.44% (2022: 5.73%).

Following on from the introduction of our new ways of working and the launch of our Customer First Centre in 2021/22 we now have six Centres of Excellence across Glasgow, Edinburgh and Dumfries. During the year we invested in the repairs service with the creation of the MyRepairs team made up of specialist staff sourced from across the business to improve the customer experience in repairs particularly in relation to more complex, multi-trade works. We have utilised our digital capability to develop new online services to customers successfully piloting our new Book It, Track It, Rate It service this year, which provides customers with the ability of book repairs, be provided with digital notifications and reminders beforehand and on the day of their appointment and to provide feedback quickly and easily once the job is completed. The service will be rolled out to all customers in the coming financial year and we are confident this will provide real improvements to the customer experience.

STRATEGIC REPORT (continued)

At the end of the year, the Group had a strong level of liquidity in place with access to undrawn loan facilities of £270.3m and, including the £39.7m of cash balances, this provides sufficient financial capacity to deliver the strategic targets set out in our 2021-26 strategy *Your Home, Your Community, Your Future*. Financial covenants in place with the Group's lenders continue to be met and our updated financial projections also provide a comfortable level of headroom against the covenants taking into account financial risk from higher levels of inflation for a longer period than previously expected and higher interest rates, including subjecting our forecasts to a variety of stress testing scenarios.

This year adjusted EBITDA after excluding non-cash accounting adjustments for new-build grant, investment property valuation movements and FRS 102 pension movements was £143.4m. This reduced from the prior year figure of £159.7m which included £12.9m of one off receipts for re-investment in properties. Removing other one off factors such as the impact of Covid related service disruptions, EBITDA maintained the longer term improving trend with cost efficiencies providing capacity for higher service related costs such as repairs.

We will continue to target further operational efficiencies to help maintain financial agility within the business and agreed targets are embedded within our financial projections and annual budgets. Our key strategic financial objective for the generation of sufficient levels of adjusted EBITDA to cover interest costs and capital investment in full was met again this year having being first delivered in 2020/21.

The Group's annual turnover rose modestly by 1.3% to £423.6m linked to the low level of social rent increase applied in April 2022. Turnover included the recognition of £62.5m of new-build and other revenue grants. Net financing costs are £64.0m, a small increase of £0.3m compared to the previous year with new borrowings drawn to fund the new build programme. During the year we secured a new £35m loan from Allia under the Scottish Government Charitable Bond Programme and we were also able to restructure certain fixed term arrangements to reduce the fixed rate payable.

The Group's Statement of Financial Position reported net assets of £1,237.6m (2022: £1,233.1m). Net assets at 31 March 2023 included an increase in the valuation of social housing properties of £42.8m. The Defined Benefit Pension Asset recognised reduced from £58.2m to £2.5m due to an increase in the assumed discount rate from 2.7% to 4.75% narrowing the gap between future service costs and future contributions and a reduction in the pension asset recognised.

In Lowther Homes our factoring and private letting operations performed consistently generating an operating margin of 23% (2022: 23%) before non-cash accounting adjustment for property valuations. This allowed a gift aid payment of £3.1m (2022: £2.6m) to be made to the Wheatley Foundation for community investment projects and to fund support to our tenants through the cost-of-living crisis.

Standard & Poor's annual review of the financial outlook for the Group was carried out in April 2023 which reconfirmed our A+ rating with a stable outlook. They also reviewed the separate standalone rating for Lowther which retained its A rating. This is an excellent result for us given the challenging economic environment. In their report, they commented on the strength of the Group's liquidity and our ability to pull back on discretionary spending lines to respond effectively

STRATEGIC REPORT (continued)

to challenging market conditions. They noted that our strategy continues to place a strong emphasis on asset quality and the achievement of sustainability targets. Our A+ stable rating places us in a Group of the highest rated large housing providers in the UK.

Financial Performance – Group Highlights

This year, the second year of our 'Your Home, Your Community, Your Future' strategy, saw us navigate a volatile economic climate and inflationary levels which have not been seen in the UK for 40 years. Despite these external economic factors the Group produced a strong and resilient financial performance in 2022/23 whilst continuing to deliver all of the services that are so important to our customers.

Statement of Comprehensive Income

- The Group generated an operating surplus of £79.4m (2022: £82.9m) for the year after other gains and losses of £8.7m. Other gains and losses includes a downward movement on valuation of newly completed investment properties of £9.2m. The prior year operating surplus was after a downward movement on the valuation of investment properties of £3.1m. In addition, a non-cash accounting gain on business combination of £0.5m is recognised following the transfer of 16 properties and other assets and liabilities from Strathclyde (Camphill) Housing Society Ltd to Wheatley Homes Glasgow.

- Investment properties are held on the Statement of Financial Position at valuation and on completion of new-build properties, FRS 102 requires the associated grant income to be recognised through profit or loss under the performance model which results in an initial non-cash accounting loss of £9.2m on valuation being reported in operating surplus.

Table 1:

Five -Year Summary	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
Statement of Comprehensive Income					
Turnover	333.6	357.1	388.6	418.0	423.6
Operating expenditure	(266.8)	(271.6)	(303.9)	(332.0)	(335.5)
Other gains and losses	(10.6)	229.3	(8.0)	(3.1)	(8.7)
Operating surplus	**56.2**	**314.8**	**76.7**	**82.9**	**79.4**
Gain on disposal of fixed assets	0.0	0.7	1.8	1.1	0.3
Net finance charges	(56.7)	(71.4)	(99.0)	(63.7)	(64.0)
Movement in fair value of financial instruments	(4.7)	0.5	(2.2)	(4.3)	0.8
Operating surplus for the year before tax	**(5.2)**	**244.6**	**(22.7)**	**16.0**	**16.5**
Operating surplus	**56.2**	**314.8**	**76.7**	**82.9**	**79.4**
Adjusted for:					
New build grant	(51.0)	(50.5)	(28.9)	(36.5)	(54.8)
Other gains and losses	10.6	(229.3)	8.0	3.1	8.7
Depreciation and other non cash accounting items	89.3	85.0	95.6	110.2	110.1
EBITDA	**105.1**	**120.0**	**151.4**	**159.7**	**143.4**
Adjusted for:					
Investment in existing affordable housing	(63.8)	(66.2)	(47.6)	(108.7)	(76.7)
EBITDA MRI	**41.3**	**53.8**	**103.8**	**51.0**	**66.7**

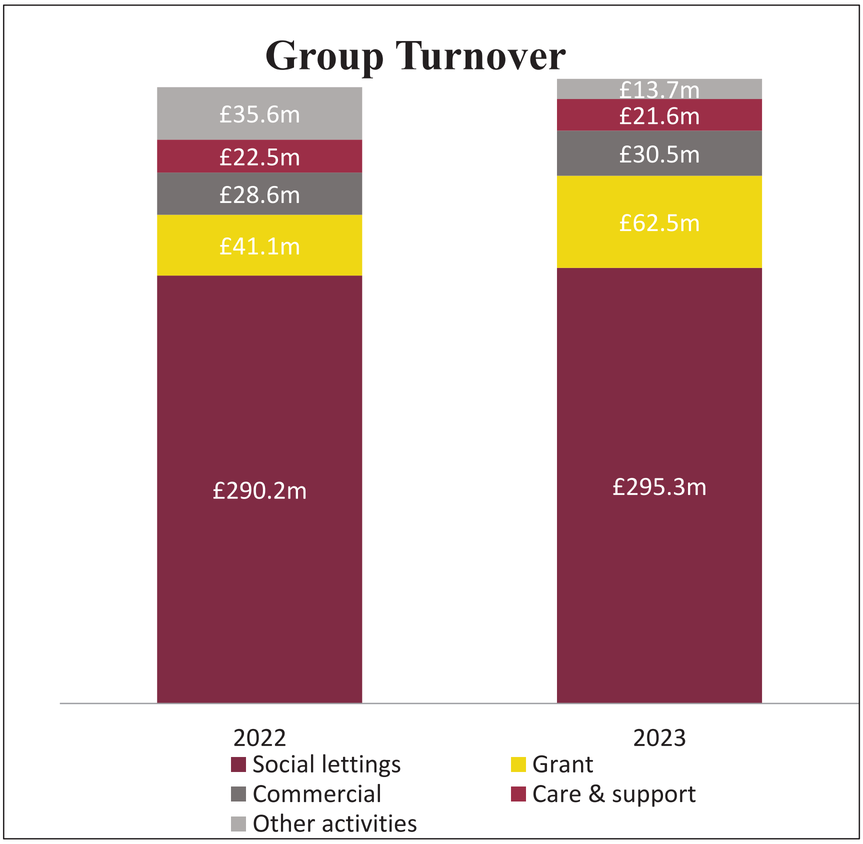
STRATEGIC REPORT (continued)

- As shown in the summary of the Statement of Comprehensive Income in table 1, total turnover increased to £423.6m, up from £418.0m in 2022. The increase of £5.6m is driven by a modest increase in net income from social housing activities and a higher level of new build grant income recognised following the completion of our new build properties. Included in the prior year was £12.9m of other non-recurring income received which was re-invested in capital projects.

- Chart 1 shows turnover generated in the Group's core social letting business from rents and service charges grew to £295.3m up from £290.2m in the prior year, an increase of £5.1m linked to the below inflationary rent increase of 1.9% plus additional homes completed in the new build programme.

- Non-social housing activities represent a relatively small proportion of the Group's overall turnover. In 2022/23, care and support income of £21.6m remained around 5% of Group turnover. Factoring and letting activities generated a further £30.5m or 7.2%. Other income of £13.7m includes grants and donations to the Wheatley Foundation, income from owners for improvements and commercial property income. In 2021/22, other income included the receipt of £12.9m of funds which was reinvested in capital projects.

Chart 1:



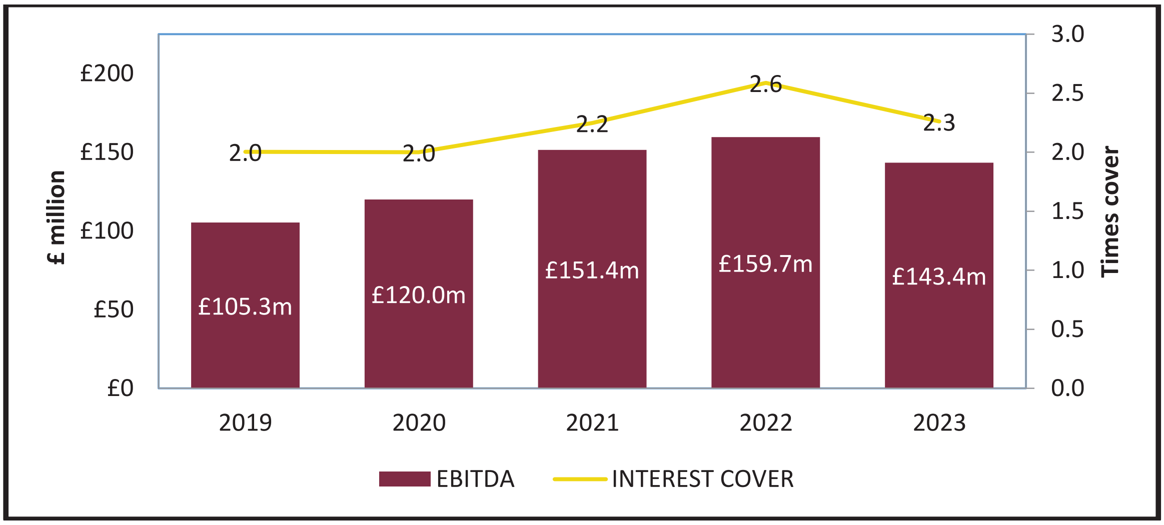
STRATEGIC REPORT (continued)

- EBITDA or earnings before interest, tax, depreciation and amortisation adjusted to remove new-build government grant and non-cash accounting adjustments reported in other gains and losses and FRS 102 pension costs reduced to £143.4m from £159.7m in the prior year as shown in table 1. This was primarily driven by inflationary pressure driving higher spend on core services such as repairs to our existing homes compared to modest income growth from a low rent increase in April 2022. EBITDA in the prior year included the benefit of a one-off receipt of £12.9m in other income which was invested into capital improvements.

- With continued focus on delivering cost efficiencies, overall EBITDA has improved over the five years from 2018/19 by £38.1m or 36%. Of this growth, £21.2m arises from the partnership with DGHP in 2019/20, with the balance of £16.8m driven by operational efficiencies and improvements in financial performance.

- The Group's ability to meet interest payments due on borrowings from EBITDA also known as interest cover, has been maintained at 2 times above or higher since 2018/19.

Chart 2:



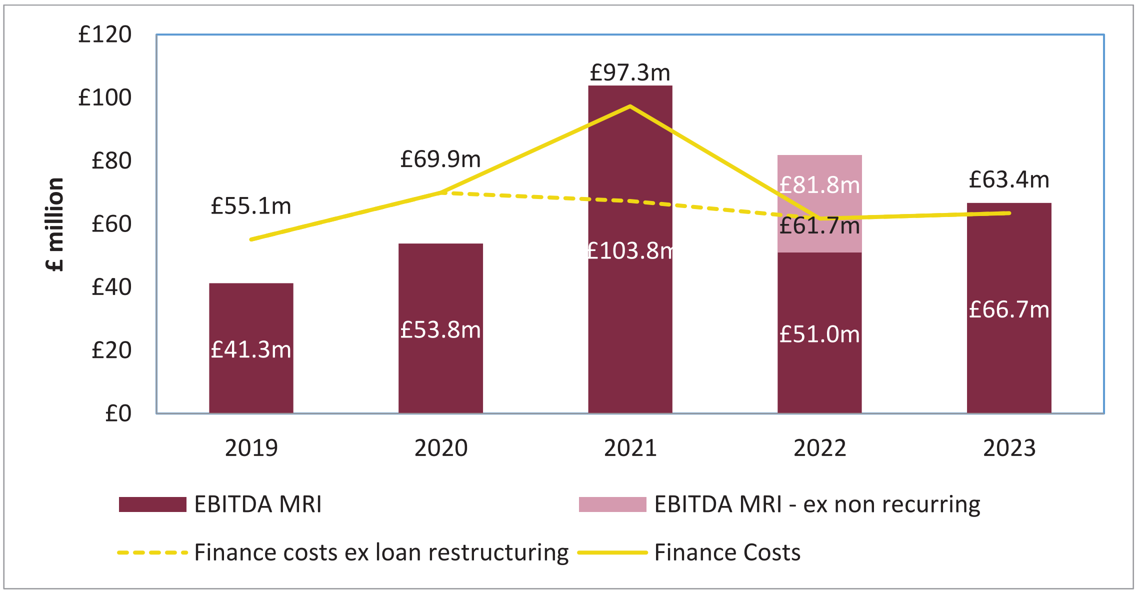
STRATEGIC REPORT (continued)

- The Group uses adjusted EBITDA after taking account of all fixed asset capital investment spend in existing social housing as a key indicator of financial strength. This is referred to as EBITDA MRI (as shown in table 1) and is assessed relative to interest payments for the year to show the earnings available to service borrowings. Strengthening the ability of the Group to generate surpluses over and above the level required to fund capital investment and service debt with new borrowing only for funding new-build development is a key strategic objective.

- For 2022/23, EBITDA after deducting capital investment of £76.7m was sufficient to cover interest payments and provided £3.3m of headroom (as shown in chart 3).

- Chart 3 shows the progress against this objective over the five years since 2018/19 and the achievement of this financial milestone for the first time in 2020/21 where EBITDA MRI exceeded interest costs. In the 2021/22 financial year a large element of non-recurring capital works were undertaken in Wheatley Homes South which has been postponed in 2020/21 due to the pandemic. Excluding these catch-up capital projects EBITDA MRI of £81.8m would have been reported sufficient to cover interest payments.

Chart 3:



STRATEGIC REPORT (continued)

- The continued objective of strengthening the Group's financial positions on EBITDA, interest cover and EBITDA MRI measures demonstrates the Group's commitment to the achievement of sustained cost efficiencies in our operating cost base. Despite the inflationary economic conditions experienced in 2022/23 and the impact this has had on our cost base, the focus on cost efficiencies have helped to grow earnings to a level that supports the servicing of borrowings, allowing the Group to maintain a high degree of financial flexibility, and be responsive and agile to changes in our plans. Generating sufficient earnings to invest in and maintain existing homes and service debt also allows us to meet the strategic objective of increasing the provision of new homes in our communities, ensuring we provide our existing customers with value for money services and keep rents affordable.

Statement of Financial Position

- Total reserves of £1,237.6m increased by £4.5m in the year. Social housing properties increased in value by £42.8m this year representing the long-term value of investment in customers' homes and the investment in the new-build programme which has seen a total of 644 new homes completed in the year.

- While the valuation of social and mid-market rent properties increased this year, the basis of the Existing Use for Social Housing Valuation methodology ("EUV-SH") will not always reflect the scale of capital investment spend in the year. Our commitment to keep rents affordable for tenants will also create a downward valuation movement in circumstances where inflation is increasing.

- Debt and gearing levels remain sustainable, with long term loans of £1,529.6m (2022: £1,493.7m). Gross debt per unit was £23,909 (2022: £23,439), which remains below the majority of large UK housing groups. Gearing, measured by net debt as a percentage of asset values in the Statement of Financial Position also remained comfortable at 53% at 31 March 2023 (2022: 53%).

- Other fixed assets have decreased from £121.3m to £74.2m. The main movement being due to a reduction being recognised in the defined benefit pension asset which is reported at £2.5m (2022: asset of £58.2m) following the actuarial valuation as at 31 March 2023. In line with accounting rules, the pension asset reported is aligned to the extent to which any benefit would be available to the employer in the form of reduced future contributions.

- Current liabilities of £153.9m are reported, a decrease of £32.4m on the £186.3m at 31 March 2022. This is driven by an increase in the amount of new-build grant income released from current liabilities to the Statement of Comprehensive Income in the year on completion of properties. Other long term liabilities have increased from £78.3m in 2022 to £101.5m in 2023 due to the receipt of new build grant income in the year for properties due to complete after 31 March 2024.

STRATEGIC REPORT (continued)

Table 2:

Five -Year Summary	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
Statement of Financial Position					
Social housing and investment properties	2,087.5	2,573.6	2,710.6	2,759.1	2,873.8
Other fixed assets	70.9	72.9	65.2	121.3	74.2
Current assets	103.2	170.5	189.0	120.5	86.6
	2,261.6	2,817.0	2,964.8	3,000.9	3,034.6
Current liabilities	144.2	131.6	158.9	186.3	153.9
Long term loans	1,173.6	1,452.5	1,479.4	1,493.7	1,529.6
Other long term creditors	47.8	62.4	78.9	78.3	101.5
Provisions and pensions	50.1	29.7	29.3	9.5	12.0
Reserves	845.9	1,140.8	1,218.3	1,233.1	1,237.6
	2,261.6	2,817.0	2,964.8	3,000.9	3,034.6

	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
Gearing					
Social housing properties	1,887.3	2,350.8	2,474.7	2,496.8	2,599.9
Market-rent properties	188.6	209.8	222.9	248.9	259.8
Asset values	2,075.9	2,560.6	2,697.6	2,745.7	2,859.7
Loans	1,177.6	1,461.7	1,487.4	1,510.2	1,546.0
Cash	(33.6)	(116.4)	(132.2)	(62.2)	(39.7)
Net debt	1,144.0	1,345.3	1,355.2	1,448.0	1,506.3
Gearing %	55%	53%	50%	53%	53%

Cashflow and liquidity

The Group continued to deliver robust cashflows from its core operations generating a cash inflow of £144.9m (2022: £162.4m). This strength was recognised by S&P during their recent review of the Group's credit rating. New borrowings have been received from Allia and from our commercial bank syndicated facility, with operational cashflows and available liquidity more than sufficient to fund the significant capital investment programme this year.

- Rental cashflows remained strong and dependable with arrears levels being closely monitored as more tenants moved over to claim Universal Credit. The addition of 438 new homes in 2021/22 and a further 644 during the year also contributed. Management costs reduced to £1,047 per unit from £1,100 the year before with these savings, benefitting cash generated from core operations.

STRATEGIC REPORT (continued)

- After taking account of investing and financing activities, cash and cash equivalents were £39.7m; a reduction of £22.5m in the year. A higher level of liquidity had been retained through 2020/21 to provide flexibility throughout the pandemic. Funds have provided capacity to deliver the capital investment programme and repairs work.

- To help support the development of new housing, grant income of £55.5m (2022: £39.6m) was received in the year from the Scottish Government and local authorities. Other grant income to help deliver energy efficiency projects in existing homes of £1.0m was also received (2022: £2.4m).

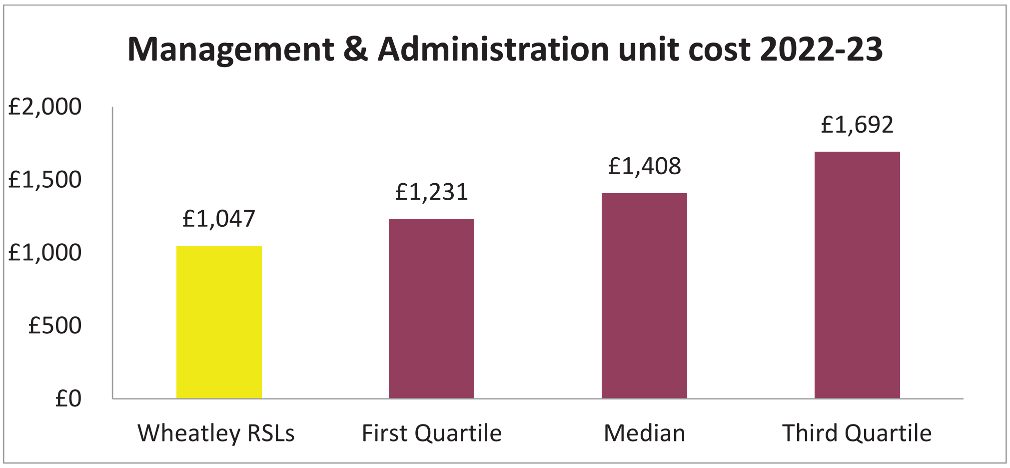
Social Letting Activities highlights

In addition to the Group measures of operating surplus and EBITDA and EBITDA MRI, additional key performance indicators ("KPIs") are used to assess and benchmark performance of our Registered Social Landlords against our strategic objective of delivering exceptional customer experience with a particular focus on services representing Value for Money.

- Management and administration costs
  Management costs are reported in note 4 to these financial statements. For the Group Registered Social Landlords, management cost per unit in 2022/23 was £1,047 reducing from £1,100 in the prior year and down from £1,177 since 2016, providing real savings of £24m after adjusting for the effect of inflation. Wheatley Group's management cost per unit has been consistently below the median for the sector as compared against other mainstream Scottish RSLs with a majority of stock classified as general needs. This has been achieved against a context where around one in four of the Group's properties are high-rise flats, and by virtue of the services provided such as the investment in concierge and environmental services management costs in these properties are higher than similar low-rise properties.

  The reduction in the measure as shown in chart 4 includes the effect of the introduction of our new ways of working and the programme of improvements to our digital services which have provided cost efficiencies in the way we deliver our services to customers. This builds on the work we have done previously to streamline our operational cost base. This has been achieved through the effective use of our group structure and the sharing of infrastructure and working platforms.

STRATEGIC REPORT (continued)



Source: Scottish Housing Regulator comparison of Scottish RSL unit costs 2021/22
Wheatley Housing Group Financial Statements 2022/23 note 4, note 17

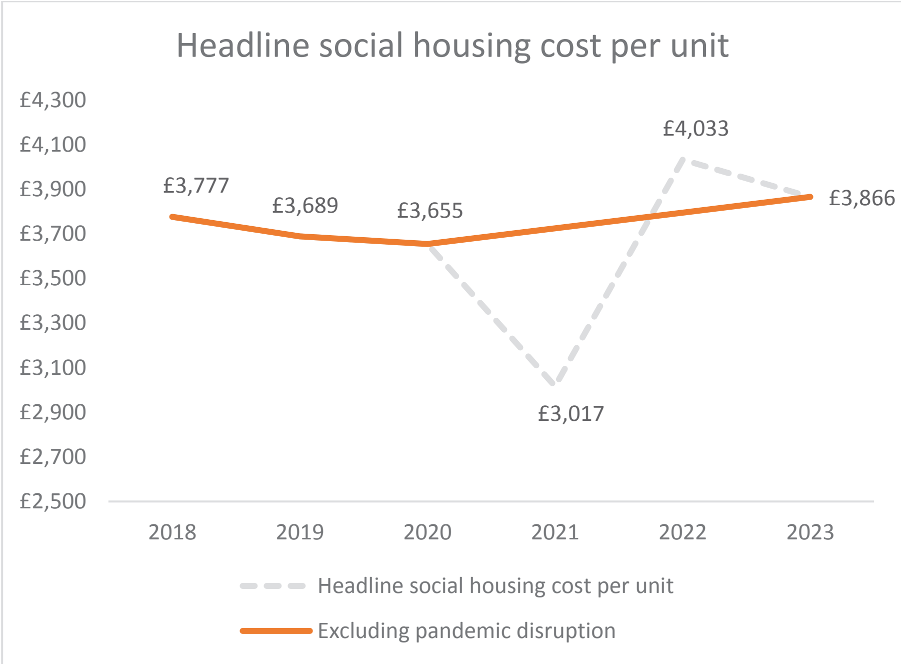
- Social Housing cost per unit

  Headline social housing cost per unit includes spend on capital investment within our social housing properties. Over recent years the profile of capital investment has been disrupted, initially in 2020/21 by pandemic restrictions and in 2021/22 by a programme of associated catch up investment spend postponed from the year before.

  We return to our previously planned programme of capital investment in 2022/23, and a headline social housing cost per unit of £3,866 is reported compared to £4,033 in 2021/22. Excluding the years affected by the pandemic, the longer term trend on social housing cost shows a marginal increase over a five year period which is linked to higher expenditure compared to pre-pandemic on both repairs and capital improvements driven by rising inflation and demand for repairs remaining consistently higher than pre-pandemic levels; factors affecting most social landlords in the UK. The effect of this on social housing cost per unit has been mitigated by efficiencies in the Group's other operating costs. The 2022/23 measure of £3,866 reports a 5.8% increase compared to the pre-pandemic measure three years earlier of £3,655 compared to a cumulative increase in CPI of over 14% in the same period.

STRATEGIC REPORT (continued)

Chart 5:



Treasury Management

Long term debt facilities

As at 31 March 2023, Wheatley Group had £1,823.8m (2022: £1,805.7m) of bond and bank funding facilities in place with total Group drawn debt balances of £1,553.5m (2022: £1,520.0m).

The RSL Group treasury vehicle, Wheatley Funding No.1 Ltd ("WFL1") provides the debt facilities via intra-group agreements for five group subsidiaries following some organisational made changes during this year. Wheatley Homes South (formerly DGHP) and Wheatley Developments Scotland Limited both acceded to WFL1 on 1 April 2022. West Lothian Housing Partnership and Dunedin Canmore Housing merged in September 2022, and the renamed combined entity, Wheatley Homes East remains a guarantor to WFL1. Wheatley Homes Glasgow and Loretto Housing also have debt provided via WFL1.

The funding facilities of WFL1 consisted of bank facilities from a syndicate of three commercial lenders, as well as two debt facilities from the European Investment Bank, committed facilities from RBS and Barclays, private note placements with BlackRock and M&G Investments and bond funding raised on the debt capital markets. WFL1 facilities totalled £1,639.8m at 31 March 2023 (2022: £1,472.7m). These loans are secured on property assets of these RSLs through a security trust structure.

In addition to group funding through WFL1, Wheatley Homes East has a £16.5m direct loan from The Housing Finance Corporation ("THFC") secured on their property assets and a £16.0m unsecured loan from Allia Social Impact Finance Limited ("Allia"). Wheatley Homes South has a £40.0m direct loan from THFC secured on their property assets and several unsecured loans totalling £35.0m with Allia.

STRATEGIC REPORT (continued)

Wheatley Funding No.2 Ltd ("WFL2") is the funding vehicle for the commercial activities of the Wheatley Group with a £76.5m (2022: £76.5m) debt facility in place with Scottish Widows, secured against properties for mid-market rent.

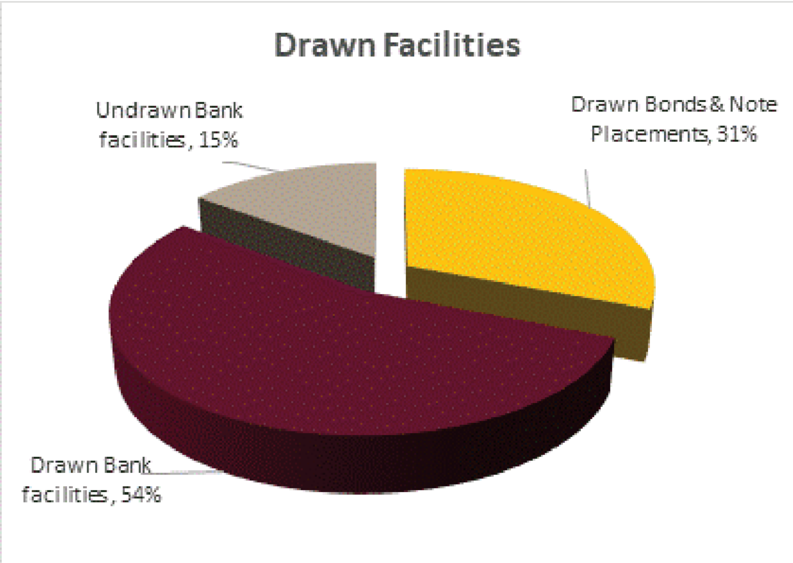
The committed funding facilities in place on 31 March 2023 comprised the following:

Group Co	Facility	Principal
WGC plc	Public bond - issued 2014/15	£300.0m
WFL1	Private Placement loan notes - issued 2017/18	£100.0m
WFL1	Private Placement loan notes - issued 2018/19	£50.0m
WFL1	Private Placement loan notes – issued 2019/20	£114.0m
WFL1	Barclays facility	£50.0m
WFL1	RBS facility	£ 35.0m
WFL1	Commercial bank syndicated facility	£685.0m
WFL1	European Investment Bank facilities (2003 & 2018)	£270.8m
WFL1	Allia loan	£35.0m
WH-East	THFC facilities	£ 16.5m
WH-East	Allia loan	£ 16.0m
WH-South	THFC facilities	£ 40.0m
WH-South	Allia facilities	£ 35.0m
WFL2	Scottish Widows facility	£ 76.5m
		£1,823.8m

Total drawn balances as at 31 March 2023 were £1,553.5m (2022: £1,520.0m). Group RSLs had drawn £1,369.5m from WFL1. Wheatley Homes East direct loans were drawn at £16.5m from THFC and £16.0m from Allia. Wheatley Homes South direct loans were drawn at £40.0m from THFC and £35.0m from Allia. In WFL 2, Lowther Homes had fully drawn the £76.5m facility.

STRATEGIC REPORT (continued)

Chart 6:



As at 31 March 2023, £270.3m (14.8%) of borrowing facilities were undrawn (2022: £285.7m, 15.8%).

The weighted average duration of drawn debt across the Group following the refinancing exercise which became effective on 1 April 2023 is 15.1 years (2022: 16.5 years). Under the Group Treasury Management Policy, no more than 10% of its total loan maturities fall due for repayment within 24 months (Liquidity Golden Rule).

The historic weighted average cost of drawn debt, inclusive of margins and hedging activities, was 4.20% on a Group-wide basis at 31 March 2023 on an annual effective rate basis (2022: 3.96%). Asset value (for debt security purposes) was £2,986.6m at 31 March 2023, with £417.0m (14%) of assets being unsecured.

Counterparty risk

The notional pooling of surplus cash across RSLs is used to enhance the Group's ability to earn interest on cash balances. Cash balances are held in accounts that earn interest and minimise balances held in zero interest accounts.

The Group operates a conservative counterparty risk management strategy that aims to minimise the risk of a financial loss, reputational loss or liquidity exposure as the result of counterparty to any treasury transaction becoming insolvent. As at 31 March 2023, all cash investments are held with counterparties who meet the criteria of the Group Treasury Management Policy.

STRATEGIC REPORT (continued)

Interest rate risk

The Group's Treasury Management Policy sets out an on-going objective in relation to the proportion of fixed versus floating rate debt, with the target proportion in the policy specified at 75 – 95% across the term of the debt. At 31 March 2023, 88.3% of Group borrowings were at fixed rates (2022: 89.9%).

In respect of bank loans, the Group hedges against interest rate risk through the use of embedded hedges within its bank facilities, the terms of which permit these loans to be classified as "basic" financial instruments under FRS 102. The Group does not have any stand-alone derivatives across any of the debt instruments and no margin call clauses existed in any loan or derivative contracts entered into by Group entities.

Currency risk

The Group borrows and invests surplus cash only in sterling and does not have any foreign currency risk.

Loan covenant compliance

Loan covenants relate to interest cover, borrowing levels relative to surplus generation and per unit, and asset cover, based on social housing asset values. Covenants are monitored monthly and were comfortably met throughout the year and at the year-end for all loan facilities.

On behalf of the Board

DocuSigned by:
Jo Armstrong
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Jo Armstrong, Chair

26 September 2023

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2023.

Result for the year
The result for the year and an analysis of the performance of the Group has been included within the Strategic Report.

Wheatley Board, Committee structure and related matters
Wheatley Housing Group ("the company") is the parent company of the Group which comprises a range of subsidiaries, referred hereafter as 'partners'. Our partners include: four Registered Social Landlords; a group development company; a commercial subsidiary; our care subsidiary; a group services company Wheatley Solutions, The Wheatley Foundation and a 50:50 joint venture with Glasgow City Council - City Building (Glasgow) LLP.

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

The Group is regulated by the Scottish Housing Regulator ("SHR") and complies with the SHR's Regulatory Framework and Regulatory Standards of Governance.

As at 31 March 2023, the company's Articles of Association allowed for the appointment of up to fifteen directors as follows:

- Up to seven Independent Non-Executive Directors
- Up to six subsidiary Chair Board Directors
- Up to two Co-opted Directors
- Up to one 'Other' Director

The Directors of the Group Board who hold current appointments up to the date of signing the financial statements are listed below together with any Group Committees served on at any point over the same period, followed by a list of Directors who resigned during the year.

DIRECTORS' REPORT (continued)

CURRENT APPOINTMENTS

	
Jo Armstrong Group Chair	**Caroline Gardner CBE** Non-Executive Director
Appointment 24 June 2015 and was appointed Group Chair on 29 September 2021.	**Appointmen**t 29 September 2021
Jo is one of Scotland's leading business economists whose extensive professional career spans financial services, the Scottish civil service and charitable sector. An experienced Non-Executive Director and Chair, she is currently panel member of the Competition and Markets Authority, a member of the Water Industry Commission for Scotland, Chair of Hub West Scotland and a member of the Institute of Director Scotland Advisory Board. Previously, Jo chaired OFGEM's expert panel for its Electricity Network Innovation Fund; was a budget advisor to two Scottish parliamentary committees; an honorary professor of Public Policy at Glasgow University and is a former chair of ENABLE Scotland. She holds two degrees in economics from the University of Strathclyde.	A qualified accountant, Caroline was the Auditor General for Scotland from 2012 to 2020. She was responsible for auditing the Scottish Government and public bodies in Scotland and reported to the Scottish Parliament. Prior to this she held several senior roles, including as Controller of Audit and Deputy Auditor General in Audit Scotland as well as Chief Financial Officer in the Turks and Caicos Islands Government. Caroline is an experienced non-executive director and holds positions on the PwC Audit Oversight Body and the International Federation of Accountants. Caroline is a Fellow and past President of the Chartered Institute of Public Finance and Accountancy, a Fellow of the Royal Society of Edinburgh, and holds an MBA from Warwick Business School.
Group Boards and Committees Group Strategic Development Committee Group Remuneration, Appointments, Appraisals and Governance Committee	**Group Boards and Committees** Group Audit Committee (Chair) Group Strategic Development Committee, Group Remuneration, Appointments, Appraisals and Governance Committee Wheatley Group Capital PLC (Non-Executive Director) Wheatley Funding No1 Limited (Non-Executive Director) Wheatley Funding No2 Limited (Non-Executive Director)

DIRECTORS' REPORT (continued)

Jo Boaden CBE Non Executive Director

Appointment 17 December 2018

Jo started her career as an Environmental Health Officer in Glasgow and has since held a number of senior roles in housing, regeneration and social policy across the UK in both the public and private sectors. Prior to her retirement, Jo was Chief Executive of the Northern Housing Consortium for 9 years.

An experienced Non Executive, Jo is a member of the Board of the Regulator of Social Housing in England and Chair of CaCHE North and the Midlands Hub – the UK collaborative centre for housing evidence. Prior to this Jo was Chair of Your Homes Newcastle, one of the largest property management organisations in the North East.
A former winner of the prestigious Woman of the Year title at the 2018 Women in Housing Awards, Jo was awarded a CBE for services to housing in 2018 and holds a LLB (Hons) and MBA.

Group Boards and Committees
Group Strategic Development Committee
Wheatley Solutions (Chair)
Wheatley Homes South (Chair from 20 September 2023)

Lindsey Cartwright Subsidiary Chair Director

Appointment 29 September 2021

Lindsey is a qualified solicitor with over 20 years' experience and also currently serves as the Chair of Wheatley Care. She is accredited by the Law Society of Scotland as a specialist in employment law. Lindsey has been a Partner with Morton Fraser LLP since 2010. She has considerable understanding of business development and strategy and sits as a Non-Executive Member of Morton Fraser's Management Board.

Group Boards and Committees
Wheatley Care (Chair)

Maureen Dowden Subsidiary Chair Director

Appointment 12 May 2020

Maureen has worked in housing for almost 40 years, a career that started in local government and went on to include senior positions at The Glasgow Housing Association and Wheatley Group prior to retiring in early 2018. She has a particular expertise in corporate governance in regulated environments, and community empowerment and engagement. An experienced Non-Executive, Maureen is Vice Chair of Thenue Housing and has previously held roles on the Boards of Quality Scotland Foundation, Loretto Housing Association and Supporting Communities Northern Ireland.

Group Boards and Committees
Wheatley Homes South (Chair to 20 September 2023)
Wheatley Homes Glasgow (Chair from 15 September 2023)
Lowther Homes (Non-Executive Director)

Bryan Duncan Non Executive Director

Appointment 17 January 2019

A Chartered Surveyor, he has spent more than 35 years specialising in commercial and residential property investment, development and asset management. Bryan was an equity partner at Donaldsons LLP, a senior director at DTZ and is currently the founder/owner of Henry Duncan, a niche commercial and residential property investor, developer and financier.

Bryan also has a wide range of non-executive experience and currently serves as a Non-Executive Director of a number of organisations including Hope for Glasgow Ltd, Cornhill Scotland and the London City Mission. Bryan holds an Executive MBA and Diploma in Management Studies.

Group Boards and Committees
Group Remuneration, Appointments, Appraisals and Governance Committee
City Building (Glasgow) LLP (Wheatley appointee)
Wheatley Developments Scotland (Chair)

DIRECTORS' REPORT (continued)

Eric Gibson Subsidiary Chair Director

Appointment 29 September 2021.

Prior to his appointment to the Wheatley Group Board, Eric was a Non-Executive Director of Cube Housing Association and also served as the Vice Chair of The Wheatley Foundation from its formation in 2016 until 2021. Eric was a career banker and Fellow of the Chartered Institute of Bankers in Scotland, and held various senior management roles with Bank of Scotland and Lloyds Banking Group. During his banking career, Eric worked with SME and corporate customers in a wide variety of sectors. On leaving banking in 2014, Eric established his own advisory business which he ran for three years. He was formerly a Board member at Social Investment Scotland where, in addition to his Board role, he chaired the Credit Risk Committee.

Group Boards and Committees
Lowther Homes (Chair from 29 September 2021)
Loretto Housing (Chair from 29 September 2021)
Wheatley Group Capital PLC (Non-Executive Director)
Wheatley Funding No1 Limited (Non-Executive Director)
Wheatley Funding No2 Limited (Non-Executive Director)

Bernadette Hewitt Subsidiary Chair Director

Appointment 25 October 2016.

Bernadette has a wide range of governance, community development and Non Executive experience across a range private, regulated and not-for-profit organisations.

A passionate advocate of community engagement and empowerment Bernadette is the Vice-Chair of Barmulloch Community Development Company. She is also a former member of the Glasgow Community Planning Partnership Strategic Board. Bernadette is a tenant of Wheatley Homes Glasgow.

Group Boards and Committees
Wheatley Homes Glasgow Board (Chair to 15 September 2023),
Group Audit Committee
Group Remuneration, Appointments, Appraisals and Governance Committee
Group Strategic Development Committee
Wheatley Solutions (Non-Executive Director)
City Building (Glasgow) LLP (Wheatley appointee and Vice-Chair)

Manish Joshi Non Executive Director

Appointment 27 April 2022

With extensive experience in philanthropic and business sectors – at local, national and global levels - as well as experience in strategy, organisational design and governance and stakeholder management, Manish is currently the Chief Executive of the University of Strathclyde's Student Union.

Manish graduated from Strathclyde University himself with a BA (Hons) in Economics. Previously he has held roles in which he has developed talent, fostered diversity and built high performing teams including as Chief Executive of Network Care and Director of Stakeholder Engagement at Global Call for Climate Action. Manish also has voluntary experience as he is currently a trustee of the Scottish Council for Voluntary Organisations (SCVO) and had served as an advisor to both COP26: Stop Climate Chaos Scotland and the European Climate Foundation: Movements Fund.

Group Boards and Committees
Wheatley Solutions (Non-Executive Director)

Alison McLaughlin Non Executive Director

Appointment 28 September 2022

With vast experience in senior leadership roles, leading teams through change and business transformation, Alison sets a clear vision and strategy, building and sustaining effective teams and delivering strong financial results.

Alison joined the Scottish Government on a 2-year secondment under the First Minister Digital Fellowship Programme establishing sustainable and scalable digital services and platforms to underpin delivery of Scotland's Digital Strategy. Prior to this, she spent over 15 years in a variety of senior roles, latterly as the Regional Director for Scotland and Northern Ireland at the major digital services consultancy Sopria Steria.

In 2015, Alison was elected to the board of ScotlandIS, the technology trade body, and was elected as Chair in 2020. She holds a European Masters of Electronic & Electrical Engineering from the University of Glasgow.

Group Boards and Committees
Wheatley Solutions (Non-Executive Director)
Group Audit Committee

DIRECTORS' REPORT (continued)

Alastair Ian Murray Subsidiary Chair Director

Appointment 28 September 2022

Alastair is the Chair of Wheatley Homes East and previously served as the Chair of Barony Housing Association.

A chartered accountant, Alastair is the Finance Director of Listed Funds at Target Fund Manager, a specialist investment firm focusing on care homes. Prior to this he spent over 17 years in a range of corporate banking roles followed by 12 years in the Not for Profit sector. His roles included Structured Finance and Special Projects in the Bank of Scotland and Finance Director of the Edinburgh International Festival, Inspiring Scotland and George Heriot's School

Group Boards and Committees
Wheatley Homes East (Chair)

DIRECTORS' REPORT (continued)

PREVIOUS APPOINTMENTS

Martin Armstrong Director

Appointment 17 September 2012, retired 5 September 2022

Martin is widely regarded as one of the foremost figures within affordable housing and the wider public sector. Under his leadership, Wheatley has established a formidable track record and reputation across the UK and in Europe as a leading housing, care and property-management group. Wheatley – which owns or manages 93,600 homes – encompasses five Registered Social Landlords, a commercial subsidiary, an award-winning care organisation and a charitable foundation. His housing career, spanning more than 25 years and covering the length and breadth of England and Scotland, has been marked by a string of national and international awards and accreditations. These include the European Foundation for Quality Management's UK Award for Leadership and Quality Scotland's Leadership Award. In March 2018, Martin was named as Director of the Year in the large business category by The Institute of Directors Scotland. In 2014, he led Wheatley's £300 million debut bond issue on the capital markets.

Group Boards and Committees
Wheatley Enterprises Limited (Director)

Professor Paddy Gray Non Executive Director

Appointment 26 April 2017, resigned 28 September 2022

Paddy is one of the UK housing sector's most eminent figures and is regarded as an authority on housing strategy and social policy, nationally and internationally. In 2017, he was named the top "Power Player" in the UK housing sector by trade magazine 24 Housing.
He is Professor Emeritus of Housing at the University of Ulster and has had more than 300 publications on housing-related issues. He continues to regularly contribute to international conferences and seminars as well as act as an external examiner for housing degrees at several universities and professional bodies.
Paddy has a wide range of Non Executive experience including as the first Irish President of the UK Chartered Institute of Housing, having previously served as Vice President and Treasurer. His awards include Honorary Fellowship of Royal Institute of Chartered Surveyors 2012, Belfast Ambassador of the Year Award 2014 Visit Belfast, Outstanding Contribution to Work Experience. National Undergraduates Employability Awards UK 2015. In 2020 he was awarded an OBE for services to housing.

Group Boards and Committees
Wheatley Homes Glasgow (Parent Appointee and Vice Chair)
City Building (Glasgow) LLP (Wheatley appointee)
Wheatley Foundation (Non-Executive director and Chair)

DIRECTORS' REPORT (continued)

Martin Kelso Non-Executive Director

Appointment 1 June 2016, resigned 28 September 2022

A Chartered Accountant, also holding a MBA from Cranfield University, he has substantial senior experience in financial, general and change management roles. Martin previously chaired the Group Audit Committee. He has led successful programmes involving new business start-ups, merger and integration, business disposals rectification of control failures across a range of roles including as Interim Strategic Finance Director of Virgin Money, Finance Director of Intelligent Finance (HBOS) and commercial lending and finance roles at Halifax.

Group Boards and Committees
Group Strategic Development Committee
Group Remuneration, Appointments, Appraisals and Governance Committee
Wheatley Group Capital PLC (Chair and Non-Executive Director)
Wheatley Funding No 1 Limited (Chair and Non-Executive Director)
Wheatley Funding No2 Limited (Chair and Non-Executive Director)

Mairi Martin Subsidiary Chair Director

Appointment 29 September 2021, resigned 28 September 2022

Mairi is a highly experienced senior leader with a particular expertise in strategic business transformation through people and technology. She is currently Executive Director of Transformation and has previously served as a member of the Executive Team of Mencap UK, a large UK charity for people with a learning disability, and Chair of West Lothian Housing Partnership.
Mairi has a wide range of housing and care experience having spent seven years at Cornerstone, where she was responsible for varied business support functions with particular expertise in HR, strategy, and technology. Prior to this she spent 13 years at Riverside Group, one of the UK's largest housing and care providers, and was latterly Executive Director of Resources.

Group Boards and Committees
West Lothian Housing Partnership

Angela Mitchell Non Executive Director

Appointment 3 May 2019, resigned 27 April 2022.

A technology specialist, Angela is passionate about applying digital and IT to improve business outcomes. She has been a partner at Deloitte since 2010 where she oversees their public sector technology business across the UK as well as leading the Scottish public sector practice and being the Glasgow Office Senior partner. Angela has over 23 years' experience in IT, digital consulting and in delivering transformation programmes. She has a strong track record in leading complex projects for clients across the public sector, including government, health and policing. For the last 10 years, Angela has sponsored Deloitte's Technology Women's Network which supports women to continue their careers in technology and encourages girls from school age to consider careers in STEM. She is also a member of the CBI's Women in Technology Group. Angela holds a BSc Hons (First class) in Laser Physics and Optoelectronics and a MSc in Business Information Technology Systems.

Group Boards and Committees
Group Audit Committee
Wheatley Solutions (Non-Executive Director)

Mary Mulligan Subsidiary Chair Director

Appointment 25 October 2017, resigned 28 September 2022

Mary is a former Member of the Scottish Parliament. She brings extensive governance experience from this role, having served in a range of roles including Deputy Minister for Health and Community Care and Minister for Housing and Communities as well as a member serving on a number of parliamentary Committees.
Mary has also worked across the public, private and not-for-profit sectors and has significant experience in social policy, partnership working and community development and engagement. She has also an experienced Non Executive, having served on the Board of a number of charitable organisations.

Group Boards and Committees
Wheatley Homes East Limited (Chair)

DIRECTORS' REPORT (continued)

Attendance at meetings*

Name	Group Board	Group Audit Committee	Group Remuneration, Appointments, Appraisals and Governance Committee	Group Strategic Development Committee
Jo Armstrong	8/8	-	7/7	-
Jo Boaden	7/8	-	-	-
Lindsey Cartwright	6/8	-	-	-
Maureen Dowden	7/8	-	-	-
Bryan Duncan	6/8	-	6/7	-
Caroline Gardner	7/8	4/4	6/7	-
Eric Gibson	8/8	-	-	-
Bernadette Hewitt	8/8	4/4	7/7	-
Manish Joshi	8/8	-	-	-
Alastair Murray	5/5	-	-	-
Alison McLaughlin	3/4	2/2	-	-
Professor Paddy Gray	2/3	-	-	-
Martin Kelso	3/3	2/2	4/4	-
Martin Armstrong	3/3	-	-	-
Mary Mulligan	3/3	-	-	-
Mairi Martin	2/3	-	-	-
Angela Mitchell	-	-	-	-

The Group Board is responsible for the strategic direction of the Group and financial planning.

Key responsibilities are:

- approval of the Group strategy;
- approval of the Group Business Plan, budget and any variations and amendments to them, together with other matters which fall within the role of the Group Board;
- approval of the creation of new subsidiaries and partnerships;
- approval of the Group governance arrangements, systems of internal control and delegations and identification of risk;
- defining and ensuring compliance with our values and objectives as a registered social landlord; and
- approving each year's Group financial statements.

The main activities and approvals of the Group Board during the year were:

- appointed a new Group Chief Executive;
- approved the implementation of an independent strategic governance review;
- created and appointed a new non-executive Senior Independent Director (SID) role;
- approved five-year Group plans for investment and development;
- agreed proposals for regeneration of the Wyndford estate in Glasgow;
- agreed that partnership between West Lothian Housing Partnership and Dunedin Canmore Housing to form a single east of Scotland vehicle, now called Wheatley Homes East;
- agreed the name changes of GHA and Dumfries and Galloway Housing Partnership to Wheatley Homes Glasgow and Wheatley Homes South respectively;

DIRECTORS' REPORT (continued)

- approved of the Group business plan and budget, including comprehensive stress testing of the business plan;
- initiated a review of the Group's care services;
- approved a group sustainable finance framework; and
- oversight of partner financial and operational performance.

The Board is supported in discharging its duties by three sub-Committees: Remuneration, Appointments, Appraisal & Governance; Group Audit; and Group Strategic Development.

The role and remit of the Committees are set out below:

Group Audit Committee
The Committee is made up of up to seven members from the Group Board.

The Committee is responsible for:
- reviewing the Group's system of internal control, compliance assurance and risk management;
- providing an overview of the internal and external audit functions;
- scrutinising the financial statements;
- appointing and agreeing the remuneration of the external auditor;
- monitoring the implementation of internal audit recommendations;
- reviewing internal audit reports and external audit reports and management letters, and monitoring the implementation of audit recommendations arising therefrom;
- reviewing the internal audit plan and scope of work; and
- reviewing the effectiveness of the overall risk strategy.

The main activities of the Group Audit Committee during the year were:
- reviewing the Group Audit Committee self-assessment results 2022/23;
- overseeing the 2022/23 financial statements;
- reviewing key accounting judgements and estimates;
- reviewing the outcome of the Internal Audit Quality Assessment and the approach to an External Quality Assurance review;
- reviewing the Group's cyber security arrangements and associated planned future activities;
- reviewing the annual anti-fraud, bribery and corruption report;
- approving the rolling Internal Audit plan;
- reviewing the Group's strategic risk register and making recommendations to the Board on changes to risk profile and mitigations;
- scrutinising the Group's fire safety arrangements, ongoing fire risk assessment programme and accidental dwelling fire incidents; and
- consideration of the Strategic Agreement with Glasgow City Council and the future CBG business model.

The Committee reports to the Group Board via its Chair.

DIRECTORS' REPORT (continued)

Group Remuneration, Appointments, Appraisals and Governance Committee
The Committee is made up of up to five members inclusive of the Group Chair and the Chairs of Wheatley Homes Glasgow, the Group Audit Committee and Chair of the Wheatley Development Scotland Limited.

It is responsible for:
- approving the process for recruitment, selection, succession planning and appraisal of Board members;
- ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles;
- evaluation and review of Group's governance framework;
- making recommendations to the Group Board regarding the appointment and remuneration of the Group Chief Executive and Group Board Directors; and
- succession planning arrangements across the Group.

The main activities of the Remuneration, Appointments, Appraisals and Governance Committee during the year were:
- continued oversight of progress implementing the strategic governance review implementation plan;
- oversight of the Group Chair and Group Vice-Chair succession planning process;
- development of recommendations to the Board in respect of the Group's succession planning arrangements in particular a new approach to incorporating diversity indicators;
- review and approval of changes to partner constitutions;
- review of the Group's approach to Board appraisal and expenses, hospitality and remuneration policies;
- oversight of the Group's Board member recruitment and approval of all appointments to subsidiary Boards, and
- annual review of the remuneration and conditions of the Group Chief Executive.

The Committee reports to the main Board via its Chair.

Group Strategic Development Committee
The Committee is made up of up to seven members of the Group Board. It is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board.

The Board did not refer any matters to the Committee during the year and no Committee meetings were held.

DIRECTORS' REPORT (continued)

The Executive Team provide day to day leadership of the Group and are responsible for the implementation of the strategic direction and financial planning on behalf of the Board.

Steven Henderson
Group Chief Executive

Steven Henderson joined Wheatley Group as Director of Finance in 2013 from the European Investment Bank (EIB). An experienced Chartered Accountant, Steven has specialised in housing and regeneration finance throughout his career.

He worked for PricewaterhouseCoopers in Glasgow and also held a senior position with Ernst & Young before moving to EIB in Luxembourg where he was responsible for investment of £250 million of EU Structural Funds, as well as lending activity for the bank in the UK social housing, regeneration, climate change and sustainability sectors.

During his time at Wheatley, the Group has raised more than £1.2 billion of private and public investment, which has funded investment in existing homes and one of the UK's most ambitious house-building programmes. Steven took over the position of Wheatley Group Chief Executive in 2022.

Anthony Allison
Group Director of Governance and Business Solutions

Anthony has worked with Wheatley Group since 2008 and has held senior leadership roles in governance, policy, strategy and regulatory engagement.

Prior to joining the Group he worked for the UK civil service in a variety of operational management roles. Anthony was appointed to the Executive Team in September 2022 and his remit covers a range of corporate services, including governance, strategy and performance, policy, IT and digital services, and procurement.

Anthony holds a BA in Business Studies as well as an MBA from the University of Glasgow.

Graham Isdale
Group Director of Corporate Affairs

A former award-winning regional newspaper editor, Graham was instrumental in building two of the UK's largest independent PR consultancies before becoming a UK board director with a leading international communications PLC.

He has handled major crisis, issues-management and communications assignments for global-leading companies in sectors ranging from nuclear, chemicals, mining and shipping to electronics, food and drink, transport and sport.

DIRECTORS' REPORT (continued)

Frank McCafferty
Group Director of Repairs & Assets

Frank joined Wheatley Group in March 2022 from South Lanarkshire Council where he was Head of Property Services.

Frank, a qualified Chartered Surveyor, has more than 30 years' experience in the construction, property-management and asset-management industry across both the public and private sectors.

Frank is responsible for Wheatley Group's investment programme and the repairs service provided by in-house teams in the east and south and City Building Glasgow, jointly owned with the City Council and employing almost 2500 employees, in the west.

Laura Pluck
Group Director of Communities

Laura has more than 20 years' experience working in the social care sector in a range of operational and strategic roles.

She was previously Managing Director of Wheatley Care.

Laura has a BA Honours in Social Policy from Paisley University and holds a number of professional care qualifications. She has significant experience in leadership, performance and quality improvement, as well as regulatory compliance.

Pauline Turnock
Group Director of Finance

Pauline has worked for Wheatley Group since 2009 in a number of senior financial roles and was appointed Group Director of Finance in September 2022.

She has over 25 years' experience in strategic financial management, commercial management and financial planning gained across a range of sectors, including large private companies and a Scottish plc.

Pauline started her career with PwC where she qualified as a Chartered Accountant.

Hazel Young
Group Director of Housing and Property Management

Having more than 25 years of experience in the housing sector, Hazel has worked in several senior management roles within Wheatley Group since 2008, including Managing Director of Dunedin Canmore, WLHP and Loretto Housing, Director of Policy and Service Development at Wheatley and South Area Housing Director at Glasgow Housing Association.

Hazel has a Political Economy and Philosophy degree from the University of Glasgow and an MSc in Housing from the London School of Economics.

DIRECTORS' REPORT (continued)

STATEMENT ON INTERNAL FINANCIAL CONTROL

1. Corporate Governance Statement

The Group complies with the Regulatory Standards of Governance and Financial Management issued by the Scottish Housing Regulator. In accordance with the UK Listing Authority's Listing Rule 17, details of the administrative, management and supervisory bodies which govern the Group, including Wheatley Group Capital plc, are set out on pages 35 to 46.

The internal control and risk management systems which cover the Group's consolidated annual financial statements are set out below.

2. Background and responsibility

The system of internal financial controls is designed to manage risk to a reasonable level agreed by the Board (which is managed to within agreed levels of risk appetite) rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised;
- manage them efficiently, effectively and economically;
- safeguard assets against unauthorised use or disposition; and
- manage the maintenance of proper accounting records.

3. Overview of main features of the system of Internal Financial Control

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

The key methods by which the Board establishes the framework for providing effective internal financial control are as follows:

- Corporate Governance arrangements as outlined in the Corporate Governance Statement;
- regular meetings of the Board, and Subsidiary Boards, which have a schedule of matters that are specifically reserved for approval and are the subject of regular standard reports as required;

DIRECTORS' REPORT (continued)

- arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across the Group, and to oversee arrangements for provision of reasonable assurance that control procedures are in place and are being followed.
- written policies and procedures including Standing Orders setting out delegated authorities across Group Subsidiaries;
- an organisational structure to support business processes and with clear lines of responsibility;
- the employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme;
- an Internal Audit function with an Audit Plan which produces an annual Internal Audit Report and Opinion;
- adoption of a risk-based approach to internal control through evaluating the likelihood and impact of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management framework;
- a Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board; and
- measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.

4. Role of Internal Audit

The Group Audit Committee oversees the Internal Audit function which has a pivotal role in assessing the Group's internal financial controls. Internal Audit reviews are directed by the Group Audit Committee using a risk-based approach to assess the robustness of the implementation of the Group's key systems of governance, risk management and internal control.

Internal Audit assesses the adequacy and effectiveness of the controls in place within the risk management, governance and internal control processes the Group has adopted, and makes recommendations where improvement opportunities are identified. Management across the Group is responsible for the implementation of improvements and agreed actions identified from Internal Audit activity.

DIRECTORS' REPORT (continued)

In line with good practice, Internal Audit provides the Group Audit Committee and the Board with an Annual Internal Audit Opinion which summarises all the work completed during the year. The overall Internal Audit opinion provided in the 2022/23 statement is detailed below:

"Based on our Group-wide work undertaken in 2022/23 a substantial level of assurance can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives, except for weaknesses in City Building Glasgow processes and controls in relation to governance and compliance matters. The CBG Partnership Oversight Board has been established by the Wheatley Group and Glasgow City Council Chief Executives to review these areas. Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee."

During the year investigations into whistleblowing allegations at City Building (Glasgow) LLP, the Group's joint venture with Glasgow City Council, delayed the signing of their 2021/22 financial statements however management do not anticipate this to have any material impact on the 2021/22 results.

5. Risk and Control Framework

Wheatley Housing Group recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."

Risk management is a key element of the Group's overarching governance arrangements as it demonstrates that the Group has considered those areas which put the achievement of its strategic objectives under threat, that it has analysed the consequences of things going wrong and identified the actions and controls needed to prevent or limit these consequences; in accordance with agreed levels of risk appetite.

As the parent company, Wheatley Housing Group oversees the governance arrangements to address the risks associated with control of activities, and managing the risks, of all subsidiaries; to ensure that there is an appropriate use of funds across the Group; to ensure that risks to the core business of the Group are managed and mitigated to within risk appetite and that strong governance arrangements are upheld by all subsidiaries to protect the reputation of the Group.

Risk management within the Group is designed to identify and mitigate risks to the achievement of the Group's Strategic Plans. Risks in relation to delivery of strategic outcomes are captured at a corporate level and at a local management team level, with an established escalation method in place.

DIRECTORS' REPORT (continued)

Roles and Responsibilities

Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process.

To ensure the successful implementation of the Risk Management Policy and Strategy, clear roles and responsibilities for the Risk Management process have been established. The Board has overall responsibility for ensuring the effectiveness of this framework. The Board also agrees risk appetite levels that are embedded within the Group's risk profile and used to determine the Group's approach to managing risk.

The Executive Team facilitates the Risk Management Framework and processes. Its role is to ensure compliance with the Risk Management Framework, including monitoring of the Group's risk profile to ensure it is kept up to date, new and emerging risks are identified, and risk scores are challenged.

Risk Management forms an integral part of the culture and the way the Group is run. Risk Management is incorporated and embedded into business plans across the organisation (e.g. service improvement plans, project plans, team plans, individual plans). In this way, Risk Management is not the responsibility of senior management alone, but more appropriately the responsibility of all colleagues.

DIRECTORS' REPORT (continued)

Principal risks facing the Group

The most significant financial and operational risks facing the Group and key mitigations are summarised below:

Risk	Mitigation
Cyber Security	• IT cyber security live tests undertaken and results report to the Group Board • Information and cyber security Group policy in place with training mandatory for all staff • Established processes across key risk areas • External assessment of Group information security and IT general controls • Bi-annual cyber security assessment conducted • Internal Security Working Group established • Biannual cyber security update reported to the Group Audit Committee
Climate change impact on Group assets and services	• Strategic objective to reduce emissions from corporate activities to net zero by 2026 • Business continuity plans include responses to severe weather scenarios • Climate impact assessment report commissioned and climate change impacts overlaid on Group's geographical locations
Care and support services	• Clear governance and authorising environment approved and in place and monitored at Board level • Care Quality Framework approved by Board and implemented • Care assurance framework in place to monitor compliance with policies and procedures and follow-up from Care Inspectorate visits • Close monitoring of changeover in service users and focus on redeployment of resources and improvements to help retention of users • Protecting People Policy Framework in place • Mandatory service specific training in place to identify additional support needs for People We Work For
Achievement of efficiency targets	• Scenario planning incorporated within the business plan modelling with mitigations identified • Capacity built into the financial projections and agreement by Board of financial policy Golden Rules • Board approval of financial projections including key assumptions • Budget management framework in place include regular dialogue with accountable officers • Detailed implementation plans agreed
Damp and Mould	• Group damp and mould policy in plan supported by detailed procedures • Agreed timescales for rectification work when damp and mould is reported and follow up post completion • Trade staff trained on the management of condensation within the home. All frontline staff trained on identification and accurate diagnosis of damp and mould issues • Annual visits to all properties as part of a technical compliance programme • No Access Policy updated to address rectification of damp and mould where access is refused.
Achievement of sustainability targets	• Detailed asset information and baseline data available for all properties • EESSH2 plan under development (subject to revisions to EESSH2 targets by Scottish Government review) • Annual ESG report produced setting out progress on environmental targets • Sustainability Framework agrees and supports the raising of sustainability linked finance
Fire Event outwith the Group's control	• Fire Prevention and Mitigation Framework in place including our approach to high rise block inspections and Livingwell properties. • Fire Risk Assessments completed on a rolling cycle including person centred Home Fire Safety Visits • Reporting of implementation of actions to Group Audit Committee • Daily, weekly and monthly inspections of high-rise domestic premises maintained by environmental teams in between Fire Risk Assessments • Compliance and investment programmes in place to meet building safety regulations and best practice guidance • Community Improvement Partnership focussed on fire prevention and education • Fire Working Group reporting to Executive Team Lead reviews actions and emerging issues
Group Credit Rating	• Group's business plan based on maintaining a strong standalone credit rating • Financial plans drawn up to maintain strong levels of liquidity to mitigate refinance risk • Ongoing dialogue maintained with credit rating agencies to avoid unexpected rating changes • Mitigation drafting used in legal clauses avoiding cross default • Negotiation period on mitigation measures included in legal clauses • Maintenance of strong relationships with alternative funders

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Compliance with Fire Safety Standards	• Group Fire Safety Team focused on identification of fire prevention actions • Fire Working Group reports into Executive Team Lead • Bi-annual reporting of implementation actions to Group Audit Committee • Fire Prevention and Mitigation Framework in place including our approach to high rise block inspections and Livingwell properties. • Daily, weekly and monthly inspections of high-rise domestic premises maintained by environmental teams in between Fire Risk Assessments • Compliance and investment programmes in place to meet building safety regulations and best practice guidance
Business continuity/disaster recovery	• Business Continuity plans are in place across all business areas • Business Continuity Implementation Group collates, reviews and updates Group disaster recovery and business continuity plans • Business Continuity Framework is being developed in line with new operating modle and in light of experience through the Covid-19 pandemic • Annual testing of plans • Introduction of Business Continuity Co-ordinators with training provided • Group assurance team monitor progress and robustness of plans
New Build contractor non compliance with Building Standards	• Clerk of Works monitoring quality of construction • Employer's Agent employed to manage projects • Proactive contract management and regular contractor engagement • Suppliers selected from procurement framework
Impact of the cost of living crisis on our customers	• New rent and income framework implemented with an emphasis on support for our customers • Group wraparound services tailored for the needs of our customers • Group universal credit team analysis of impact of pressures on customers • Here For You Fund launched to provide support rent, fuel and food support for our customers
Availability of financial support from Scottish Government and / or local government	• Regular engagement with Scottish Government representatives to proactively present the case for housing investment directly and through our representative bodies • Participating in the Scottish Government review of grant availability • Green Investment Plan developed for discussion with Scottish Government. Pathway to Net Zero Group draws on independent expertise to support evolution of plans in this area • Financial planning sensitivities undertaken to understand the potential impact under a variety of grant scenarios
Supply chain disruption	• Supplier financial health assessment carried out and regular contract management meetings held • Use of Contract Management System to flag risk eg higher prices, financial stability of suppliers • Proactive monitoring of supply chains by operational leads • Regular engagement with Scottish Government as potential issues emerge • Management of appropriate stock levels and where possible advance purchase in repairs and investment programmes • Specific contingency plans in place for key services and supplies • Regular engagement with new-build contractors and testing of financial standing and adequacy of available resources to deliver obligations • Utilisation of Group and third party frameworks to minimise price increases
Failure to recruit, develop, retain staff and succession planning	• Performance appraisal system in place for all staff • *MyAcademy* provides in-house training across the Group • Training logs held for each staff member and completed as part of regular discussions • Wheatley leadership development programme, succession planning and talent management programmes in place • *Ignite* graduate programme in place • Regular surveys of staff satisfaction • Strategic workforce plan to support succession of senior roles

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
New operating model implementation	• Group Board oversight with results of the customer consultation reported • Detailed implementation and communication plans monitored by the Group Executive Team • Launch of the Customer First Centre and rollout of Centres of Excellence, with continued review to ensure business need is met • Executive Team ha oversight of digital delivery programme • Actions incorporated into the annual delivery Plan and progress reported to Boards at regular intervals through the year
Compliance with laws and regulations	• Group wide Scottish Housing Charter Assurance process established by Tenant Scrutiny Panel to review outcomes. Similar process introduced for non-RSls • FCA regulations considered when developing new products and services • Qualified personnel are employed by the Group to ensure compliance with legal and regulatory standards • New product offerings follow a clear approval process • Group-wide approach to information management with Privacy Impact Statements implemented across the Group • On-going relationship with Scottish Housing Regulator • Appropriate professional advice is sought in response to changes internally, externally and in relation to new offerings to customers • Changes to legislation are identified and implemented by responsible officers • Privacy Impact Statement s implemented across the Group
Future pandemic/waves of Covid-19	• Contingency plans in place informed by experience of Covid-19 pandemic including protocols on grade of service dependant on level of government restrictions in force • Operation Safety Manual amendments ready to be re-instated, 16 weeks PPE held • Clear links to resilience groups, Scottish Government and other stakeholders. • Business Continuity plans in place and Business Continuity Co-ordinators and Response Teams established in all business areas with up to date training provided
Compliance with funders' requirements	• Regular meetings with funders and investors representatives to update on financial status of the Group • Financial performance monitored monthly and reported to Group and Subsidiary Boards • Quarterly covenant compliance monitored by the Group Board • Covenant compliance monitoring tool implemented noting key dates and requirements • Ongoing dialogue with credit rating agencies • Annual update and review by respective Boards of Group and Subsidiary business plans • Establishment of financial policy context Golden Rules
Customer Satisfaction	• Key element of the Group 2021-26 strategy • Variety of methods used to collect customer feedback which is used to inform plans drawn up to include customer views • Establishment of our Stronger Voices initiative to allow tenants to shape our services • Recognition of satisfaction drivers for different customer groups • Small housing officer patch sizes to help personalise services under the *Think Yes Together* approach • Customer First Centre's first time resolutions for services • Repairs transformation programme included creation of Repairs Team and Book It, Track It, Rate It service
Governance structure	• Governance arrangements regularly reviewed by Scottish Housing Regulator, external consultants, internal and external audit functions • Agreement of the Group authorising environment • Appropriate training initiatives in place, tailored in particular to tenant Board members • Formal succession planning in place for Board members
New funding sources and adverse market changes	• Strong levels of headroom maintained to provide sufficient cash resources with compliance reported to Group Board. Liquidity Golden Rule in place • Diversification of funding sources to provide options for future funding • Sterling borrowing only, no foreign currency exposure • Group IRR reviewed regularly to ensure projects are profitable • Annual ESG reporting in place • Sustainability Financing Framework in place • Treasury Management Policy to agreed by Group Board

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Political and policy changes	• Established stakeholder management framework • Relevant staff members focussed on responding to changes in policy and administration as they arise • Group does not build homes for sale mitigating potential property market risk
Rent arrears arising from Universal Credit	• Updated rent and income framework implemented • Ongoing campaigns and programmes of contact with customers affected by financial hardship. • Dedicated Universal Credit team • Use of GoMobile for staff to assist customers with online transactions • Working with partners to influence UK and Scottish policy and funding environment • Small housing patch sizes allow staff to work proactively with customers to avoid arrears • Accessible online service portal • Support available from Wheatley 360 welfare benefits advisors • Group business plan contains sufficient headroom to mitigate the financial impact in relation to risk of increased bad debts and rent arrears • Arrears levels reviewed by Boards at each meeting
Failure to achieve planned growth in non charitable operations	• Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives • Responsibility and accountability allocated at an appropriate level within the organisation and reported regularly to senior management and Board
Implementation of partnership promises	• Partnership implementation plan mainstreamed into the Group's strategy and included in the Group's performance framework • Strategic Projects reported quarterly to the respective Board

Other matters:

Board's Statement on Section 172 of the Companies Act 2006

The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole. Key decisions and matters of strategic importance are considered and informed by the requirements of section 172. The Strategic Report on pages 8 to 34 sets out how we delivered activity on behalf of our stakeholders in line with our Group strategy during the year.

The Group exists for the benefit of its key stakeholders - the customers we serve in our RSL subsidiaries and the People We Work For in our care businesses. The interests of our stakeholders are understood through an open and transparent dialogue conducted through many varied channels, such as:

- feedback obtained through multiple channels including tenant satisfaction surveys;
- our tenant engagement framework "Stronger Voices" where over 2,000 customers have taken part in providing their views on the development of our services;
- tenants are represented on all RSL Boards. Across the Group 40% of our Board members are tenants or service users;
- formal consultation with tenants on rent increase proposals;
- social media and online engagement;
- annual visits to all customers by Housing Officers;
- publication of regular tenant newsletters and annual report to tenants; and
- the establishment of the Tenant Scrutiny Panel to review performance of the organisation under the Scottish Housing Charter.

DIRECTORS' REPORT (continued)

The Group's employees are key to delivering the objectives of the organisation, represent the business externally and maintain the reputation of the Group with our stakeholders. The Group operates a policy of providing employees with information about the Group through formal recognition of a number of trade unions as well as internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Employees are encouraged to participate in regular discussions with their line managers as part of the Group's commitment to ensuring all staff are aware of their role in the Group's achievement of its five strategic platforms under the banner of "My Contribution". Regular meetings are also held between management and employees to allow a free flow of information and ideas.

In setting the strategy and through the preparation of the 30 year business plan, the Directors consider the likely consequences of decisions in the long term and ensure that the business continues to be financially viable and is able to meet all current and future financial commitments to its lenders.

The impact the Group has on its neighbourhood and the environment is a key element in the Group's purpose. More details of the Group's aims are set out in the Group's Statement on Environmental, Social and Governance.

Employees
Details of the Group's approach to employee engagement are provided in the section 172 statement above. With our new operating model imbedded many employees now work through a hybrid working model, using our new Centres of Excellence as places to meet colleagues and share ideas. Technology solutions and remote working tools support the hybrid model giving employees flexibility and other benefits whilst creating opportunities for collaborative working in our new Centres of Excellence.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Going concern
After making enquiries, including the update of the Group 30-year financial projections, the Group Board has a reasonable expectation that the Wheatley Housing Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the Group's financial statements. More details of the Board's assessment of going concern are included in note 2 to the financial statements.

DIRECTORS' REPORT (continued)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

A resolution to re-appoint KPMG LLP as auditor will be proposed at the forthcoming annual general meeting.

Future Developments

The Strategic Report sets out future strategic objectives. The Group's five-year strategy *Your Home, Your Community, Your Future* was launched in 2021.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group and parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

DocuSigned by:
Jo Armstrong
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Jo Armstrong, Chair
26 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Wheatley Housing Group Limited ("the company") for the year ended 31 March 2023 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Group Statement of Changes in Reserves, Company Statement of Changes in Reserves, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's surplus and the result of the parent company for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of board members and management as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud; and

- Reading Board minutes.

As required by auditing standards, taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that entity management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to income recognition because of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the company wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the assumptions used in pension and property valuations.

Identifying and responding to risks of material misstatement due to nom-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discuss with the board and other management (as required by auditing standards), and discussed with the board and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and registered social landlord legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Annual Report, Strategic Report and Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

We are also required to report to you if:

- in our opinion, the Statement on Internal Financial Control on page 47 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit;

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Companies Act 2006 are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 57, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the company's members matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, its members as a body and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.

Michael Wilkie

Michael Wilkie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

26 September 2023

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £ 000	2022 £ 000
Turnover	3	423,606	417,971
Operating expenditure	3	(335,550)	(331,952)
Other gains/ (losses)	9	(8,671)	(3,148)
Operating surplus		79,385	82,871
Share of profit in joint venture		-	-
Gain on disposal of fixed assets	10	275	1,153
Finance income	11	1,806	106
Finance charges	12	(65,762)	(63,818)
Movement in fair value of financial instruments	13	760	(4,278)
Surplus on ordinary activities before taxation		16,464	16,034
Taxation	14	(26)	(3,186)
Surplus for the financial year		16,438	12,848
Unrealised surplus / (deficit) on the valuation of housing properties		42,794	(66,605)
Unrealised deficit on the valuation of other fixed assets		(3,897)	(3,549)
Actuarial (loss) / gain in respect of pension schemes		(50,796)	72,075
Total comprehensive income for the year		4,539	14,769

All amounts relate to continuing operations.

The notes on pages 68 to 104 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** **£ 000**	**2022** **£ 000**
Turnover	3	254	245
Operating expenditure	3	(254)	(245)
Operating surplus		-	-
Finance income		-	-
Finance charges		-	-
Surplus on ordinary activities before taxation		-	-
Taxation		-	-
Surplus for the financial year		-	-
Total comprehensive income for the year		-	-

All amounts relate to continuing operations.

The notes on pages 68 to 104 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Revenue Reserve £ 000	**Revaluation Reserve £ 000**	**Total Reserves £ 000**
Balance at 1 April 2021	670,828	547,496	1,218,324
Total comprehensive income for the year	14,769	-	14,769
Transfer of reserves for the revaluation of housing properties	66,605	(66,605)	-
Transfer of reserves for the revaluation of other fixed assets	3,549	(3,549)	-
Balance at 31 March 2022	755,751	477,342	1,233,093
Total comprehensive income for the year	4,539	-	4,539
Transfer of reserves for the revaluation of housing properties	(42,794)	42,794	-
Transfer of reserves for the revaluation of other fixed assets	3,897	(3,897)	-
Balance at 31 March 2023	721,393	516,239	1,237,632

COMPANY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Total Reserves £ 000
Balance at 1 April 2021	-
Result for the financial year	-
Balance at 31 March 2022	-
Result for the financial year	-
Balance at 31 March 2023	-

The notes on pages 68 to 104 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Notes	**2023 £000**	**2022 £000**
Fixed assets			
Social housing properties	17	2,599,863	2,496,774
Other tangible fixed assets	18	71,551	63,053
Investment property	19	273,969	262,248
Investment in joint venture	19	116	116
		2,945,499	2,822,191
Pension asset	26	2,505	58,166
Current assets			
Stock	20	1,713	1,412
Trade and other debtors	21	45,227	54,131
Cash and cash equivalents		39,656	64,929
		86,596	120,472
Creditors: amounts falling due within one year	22	(153,880)	(186,254)
Net current liabilities		(67,284)	(65,782)
Total assets less current liabilities		2,880,720	2,814,575
Creditors: amounts falling due after more than one year	23	(1,631,103)	(1,572,023)
		1,249,617	1,242,552
Provisions for liabilities			
Pension liability	26	(3,247)	(388)
Provision for other liabilities	24	(8,738)	(9,071)
Total net assets		1,237,632	1,233,093
Reserves			
Share capital	25	-	-
Revenue reserve		721,393	755,751
Revaluation reserve		516,239	477,342
Total reserves		1,237,632	1,233,093

These financial statements on pages 62 to 104 were approved by the Board on 30 August 2023 and were signed on its behalf on 26 September 2023 by:

DocuSigned by:
Jo Armstrong
82D0954353C440B...
Jo Armstrong
Chair

The notes on pages 68 to 104 form part of these financial statements.
Company registration number SC426094.

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Notes	**2023 £000**	**2022 £000**
Trade and other debtors		-	-
Cash and cash equivalents		-	-
		-	-
Creditors: amounts falling due within one year		-	-
Net current assets		-	-
Total assets less current liabilities		-	-
Total net assets		-	-
Reserves			
Share capital	25	-	-
Total reserves		-	-

These financial statements were approved by the Board on 30 August 2023 and were signed on its behalf on 26 September 2023 by:

DocuSigned by:
Jo Armstrong
82D0954353C440B...
Jo Armstrong
Chair

The notes on pages 68 to 104 form part of these financial statements.

Company registration number SC426094.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** **£000**	**2022** **£000**
Net cash generated from operating activities	28	144,920	162,393
Cash flow from investing activities			
Improvement of properties		(76,736)	(108,387)
Acquisition of properties		-	(362)
Construction of new properties	17	(95,488)	(96,430)
Purchase of other fixed assets	18	(22,149)	(20,765)
Proceeds from sale of properties	10	1,675	2,685
Grants received	23	56,438	42,001
Finance income	11	363	77
		(135,897)	(181,181)
Cash flow from financing activities			
Finance charges		(66,140)	(71,599)
Bank loan drawn down		60,000	28,000
Repayments of bank loans		(25,440)	(7,538)
Taxation		-	(57)
		(31,580)	(51,194)
Net change in cash and cash equivalents		(22,557)	(69,982)
Cash and cash equivalents at 1 April		62,213	132,195
Cash and cash equivalents at 31 March		39,656	62,213
Cash and cash equivalents at 31 March			
Cash		39,656	64,929
Bank overdraft		-	(2,716)
		39,656	62,213

The notes on pages 68 to 104 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Legal status

Wheatley Housing Group Limited ("Wheatley", "Wheatley Group" or "the Company") is a limited company incorporated in Scotland under the Companies Act 2006. It is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The Company and its subsidiaries are referred to as "the Group". The Group's subsidiaries include housing associations, incorporated entities and charities. The principal activity of the Group is the provision of social housing and associated housing management services. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Group and the Company are prepared in accordance with the Companies Act 2006, applicable accounting standards, the accounting requirements included within the Determination of Accounting Requirements 2019, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting, office properties, investment properties and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102.

As noted in the Directors' report on page 55, the financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2023 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan which included updated scenarios in recognition of the emerging cost of living crisis. These updated scenarios include severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group budgets for 2023/24 and the Group's financial position as forecast in the 30-year business plan, including changes arising from the cost of living crisis , is of the opinion that, taking account of severe but plausible downsides, the Group has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios updated to take account of potential future changes in rent increases;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

- The property market – budget and business plan scenarios have taken account of delays, rising costs, productivity and labour shortages, and reprofiled new build handovers;
- Maintenance costs – budget and business plan scenarios have been modelled to take account revised profiles of repairs and maintenance expenditure, with major works being rephased into future years;
- Development activity – forecast development expenditure has been modelled to take account of revised investment profiles;
- Liquidity – current available cash of £39.7m and unutilised loan facilities of £270.3m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Group has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The Wheatley Housing Group Limited is a public benefit entity.

Accounting judgements and estimations
Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- determining the appropriate discount rates used in the valuation of housing and investment properties;
- component accounting and the assessment of useful lives;
- the assessment of the fair value of financial instruments;
- determining the value of the Group's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds; and
- allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Basis of consolidation
The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2023. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New subsidiaries joining the Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On joining the Group, an exercise is undertaken to align subsidiary accounting policies to the Group policies which may result in a restatement of comparative figures in the subsidiary results prior to consolidation.

Joint Venture
Wheatley Housing Group is a 50:50 joint owner in City Building (Glasgow) LLP ("CBG"). The investment in the joint venture is accounted for using the equity method as outlined in FRS 102 Section 15. The investment is recognised in the Statement of Financial Position at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share. Where the Group's share of losses equals or exceeds the carrying amount of the investment the share of these losses are recognised as a provision to the extent that the Group has legal or constructive obligations or has made payment on behalf of the joint venture. The investment in the joint venture is recorded in the investing entity's stand-alone financial statements at cost less impairment.

Related party disclosures
The Company has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover
Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income. In respect of the Group Statement of Comprehensive Income, turnover also includes factoring, care contracts and income from market and commercial rental activities.

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met and care contract income is recognised when services are delivered to customers as required under the agreement with each service commissioner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions (e.g. on completion of new-build properties), such grants are held as deferred income on the Statement of Financial Position. Grant income claimed under the UK Government's Coronavirus Job Retention Scheme in 2021-22 is reported as income through the Statement of Comprehensive Income in line with the performance model.

Bad and doubtful debts
Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Supported housing
Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

Financial instruments
Financial assets
The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies, bond finance and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Housing loans are classed as either basic or complex financial instruments under FRS 102. Loans are provided to RSL subsidiary members of the Group by its lenders through Wheatley Funding No. 1 Limited ("WFL1"). Loans are provided to commercial subsidiaries of the Group by Wheatley Funding No. 2 Limited ("WFL2"). All arrangements are classed as basic under the requirements of FRS 102, and are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

Deposits and liquid resources
Cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions
WH Glasgow participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("SPF"). The Strathclyde Pension Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. Wheatley Homes South participated in a defined benefit pension scheme arrangement with the Dumfries and Galloway Council Pension Fund ("DGCPF") which is administered by Dumfries and Galloway Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. On 28 February 2022, all assets and liabilities held on behalf of Wheatley Homes South in DGCPF were transferred to Strathclyde Pension Fund and the employment contracts of active members of WH South were transferred to WH Glasgow on the same date.

The SPF ("the Fund") provides benefits based on pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Funds are held separately from those of the participating entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

WH Glasgow accounts for participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The defined benefit fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The respective share of WH Glasgow in the SPF, the pension fund surplus (to the extent that it is recoverable) or deficit are recognised in full. The assumptions used in valuing the defined benefit pension arrangements result in a pension asset being recognised on the Statement of Financial Position, on the basis that the future level of employers contributions so as to match the required funding level for the scheme. The pension asset would be realised in line with the assumptions relating to longevity. The movement in the Fund's surplus or deficit is split between operating charges, finance items and in the Statement of Comprehensive Income under actuarial gain or loss on pension schemes.

West Lothian Housing Partnership, Loretto Housing Association, Wheatley Care and Wheatley Homes East previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. Loretto members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013 with Wheatley Homes East members transferring on 1 April 2014 and West Lothian members transferring on 1 September 2014, with the respective sections of the SHAPs defined benefit scheme operated by those Group subsidiaries closed from the dates noted. Following the West Lothian Housing Partnership transfer of engagements on 4 September 2022, Wheatley Homes East assumed WLHP's obligations in the SHAPs defined benefit scheme.

Retirement benefits to employees in SHAPs defined benefit pension scheme are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

A Group defined contribution scheme arrangement administered by the Salvus Master Trust is available to employees in certain subsidiaries of the Group. Wheatley Homes East operates a separate defined contribution scheme administered by Friends Life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Fixed assets – social housing properties
In accordance with SORP 2014, the Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of social housing stock**

All social housing properties owned by the Group's subsidiaries are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Group's 30-year Business Plan which identifies the core stock which will be the subject of the Group's investment expenditure going forward and the stock which forms part of the demolition programme, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works that result in incremental future benefits to the landlord from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Group has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Major components are treated as separate assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following rates:

	Economic Life
Land	not depreciated
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works and common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical and Plumbing	25 yrs
Structure and roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

- **New-Build**

Housing properties in the course of construction and land for future development is held at cost and are not depreciated. Completed new-build units are transferred to completed properties when ready for letting.

The Group's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

- **Properties held for demolition**

Demolition programme housing properties have a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so are held at nil on the Statement of Financial Position. Under FRS 102 there is no constructive obligation at the year-end to provide for these costs.

Investment properties

Housing for mid-market and market-rent is valued on an open market value subject to tenancies basis ("MV-T") at 31 March. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The properties are held as investment properties not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are re-valued at least every five years. Changes in the valuation of investment properties are reported in the Statement of Comprehensive Income in profit or loss and disclosed within other income and gains.

New-Build Grant and other capital grants
New-Build Grant is received from central government and local authorities and is utilised to subsidise the costs of housing properties. New-Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new-build this will be when the properties are completed. New-Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2010. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Other tangible fixed assets
For other tangible fixed assets, depreciation is charged on a straight line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Office premises (valuation)	40 yrs
District heating (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5-7 yrs
Computer equipment (cost)	3-7 yrs
Community Infrastructure (cost)	20 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made at the end of each reporting period.

Provisions
The Group only provides for liabilities at the year-end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Accounting policies (continued)

Taxation

As charities, Wheatley Homes Glasgow, West Lothian Housing Partnership, Loretto Housing Association, Wheatley Care, Wheatley Homes East, and Wheatley Homes South are exempt from corporation tax on their charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the Group's non-charitable subsidiary companies, based on their taxable profit for the year. In accordance with FRS 102, full provision is made for all material timing differences.

Value Added Tax

The Group is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on WH Glasgow refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

WH Glasgow entered into agreements with Glasgow City Council whereby the undertaking of catch-up repairs and improvement works remained with the City Council, with that obligation sub-contracted to WH Glasgow. This has historically been shown on the Group's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work has progressed, both amounts have been reduced by the appropriate amount with the completion of all works due under the agreement completed during 2021/22.

3. Particulars of turnover, operating costs and operating surplus

Group

		2023			2022
	Turnover	Operating Costs	Other gains/ (losses)	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	357,817	(266,323)	-	91,494	78,462
Other activities (note 5)	65,789	(69,227)	-	(3,438)	7,557
Other gains/ (losses) (note 9)	-	-	(8,671)	(8,671)	(3,148)
Total	**423,606**	**(335,550)**	**(8,671)**	**79,385**	**82,871**
Total for previous reporting period	417,971	(331,952)	(3,148)	82,871	

Company

		2023			2022
	Turnover	Operating Costs	Other gains/ (losses)	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Other activities (note 5)	254	(254)	-	-	-
Total	**254**	**(254)**	**-**	**-**	**-**
Total for previous reporting period	245	(245)	-	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

4. Particulars of turnover, operating costs and operating surplus from social letting activities

Group

	General Needs £ 000	Supported Housing £ 000	Other £ 000	2023 Total £ 000	2022 Total £ 000
Rent receivable net of service charges	281,177	10,461	1,093	292,731	287,636
Service charges	4,477	1,257	273	6,007	5,924
Gross income from rents and service charges	285,654	11,718	1,366	298,738	293,560
Less rent losses from voids	(3,107)	(331)	(1)	(3,439)	(3,345)
Net income from rents and service charges	282,547	11,387	1,365	295,299	290,215
Grants released from deferred income – new build	54,440	364	3	54,807	36,484
Revenue grants from Scottish Ministers	3,581	489	-	4,070	3,699
Other revenue grants	3,567	73	1	3,641	961
Total turnover from social letting activities	344,135	12,313	1,369	357,817	331,359
Management and maintenance administration costs	(62,374)	(2,780)	(288)	(65,442)	(68,292)
Service costs	(6,941)	(415)	(109)	(7,465)	(7,718)
Planned and cyclical maintenance including major repairs costs	(30,910)	(1,083)	(198)	(32,191)	(30,912)
Reactive maintenance costs	(63,115)	(1,876)	(359)	(65,350)	(53,915)
Bad debts – rents and service charges	(2,924)	(95)	(17)	(3,036)	(2,912)
Depreciation of social housing	(89,036)	(3,217)	(586)	(92,839)	(89,148)
Operating costs from social letting activities	(255,300)	(9,466)	(1,557)	(266,323)	(252,897)
Operating surplus/ (deficit) from social lettings	88,835	2,847	(188)	91,494	78,462
Operating surplus/ (deficit) from social lettings for the previous reporting period	75,815	2,902	(255)	78,462	

Company

There were no activities in the Wheatley Housing Group Limited entity results classified as social letting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

5. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

Group

	Grants From Scottish Ministers	Other Income	Supporting People Income	Total Turnover	Total Operating Costs	2023 Operating Surplus /(Deficit)	2022 Operating Surplus /(Deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Wider role activities to support the community	-	2,475	-	2,475	(11,910)	(9,435)	(7,519)
Care activities	-	18,623	-	18,623	(20,347)	(1,724)	519
Property Management	-	9,778	-	9,778	(8,740)	1,038	1,075
Investment Property	-	20,745	-	20,745	(7,707)	13,038	13,022
Support activities	-	2,875	134	3,009	(1,522)	1,487	179
Owners' improvement activities	-	-	-	-	-	-	(190)
Demolition activities	-	-	-	-	(1,316)	(1,316)	(370)
Other income	-	8,598	-	8,598	(2,873)	5,725	5,289
Depreciation – Non-Social Housing *	-	-	-	-	(9,483)	(9,483)	(12,439)
Organisation Restructuring	-	-	-	-	(3,173)	(3,173)	(4,570)
Development & Construction of Property Activities	-	2,561	-	2,561	(2,156)	405	12,561
Total from other activities	-	65,655	134	65,789	(69,227)	(3,438)	7,557
Total from other activities for the previous reporting period	-	86,491	121	86,612	(79,055)	7,557	

Company

	Grants From Scottish Ministers	Other Income	Supporting People Income	Total Turnover	Total Operating Costs	2023 Operating Surplus	2022 Operating Surplus
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Provision of Group services	-	254	-	254	(254)	-	-
Total from other activities	-	254	-	254	(254)	-	-
Total from other activities for the previous reporting period	-	245	-	245	(245)	-	

Wider role activities include the provision of fuel and welfare benefits advice, the Group's *EatWell, My Great Start, Home Comforts, Emergency Response Fund* and *Changing Lives* initiatives and the provision of bursaries and educational support to our customers.

*In 2021-22 Depreciation of non-social housing assets includes an additional one-off charge of £5.3m to align useful lives on fixtures and fittings and IT assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

6. Board members' emoluments

Board members received emoluments of £200,648 (2022: £219,794) in respect of their services to Wheatley Housing Group Limited. These amounts are fully recharged to Wheatley Solutions and onwards to operational subsidiaries.

Emoluments were paid during the year to the following Board members:

	2023	**2022**
	£	**£**
Jo Armstrong	32,370	24,367
Alastair MacNish (part year)	-	16,095
Martin Kelso (part year)	11,349	18,094
Sheila Gunn	-	9,925
Jo Boaden	16,185	14,317
Lindsey Cartwright	12,408	6,273
Maureen Dowden	14,297	14,297
Bryan Duncan	16,185	16,185
Caroline Gardner	16,185	8,182
Eric Gibson	16,185	8,182
Paddy Gray (part year)	8,093	14,317
Bernadette Hewitt	19,961	19,961
John Hill (part year)	-	6,170
Peter Kelly (part year)	-	6,170
Mairi Martin (part year)	6,135	6,273
Angela Mitchell (part year)	1,034	12,408
James Muir (part year)	-	6,170
Mary Mulligan (part year)	6,135	12,408
Manish Joshi (part year)	11,512	-
Alison McLaughlin (part year)	6,307	-
Alastair Murray (part year)	6,307	-
	200,648	219,794

In addition, £4,651 (2022: £7,232) was paid to Board members for reimbursement of expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

7. Key management emoluments

	2023	2022
	£ 000	£ 000
Aggregate emoluments payable to key management in post at 31 March (excluding pension contributions)	1,106	1,132

Emoluments payable to the Chief Executive:

2022:	**2022**
Martin Armstrong	**£ 000**
Emoluments payable	358
Employer pension contributions	60
Total Martin Armstrong	418

2023:	**2023**
Martin Armstrong	**£ 000**
Emoluments payable	282
Employer pension contributions	53
Total Martin Armstrong	335

	2023
Steven Henderson	**£ 000**
Emoluments payable	29
Employer pension contributions	6
Donations made by Steven Henderson to The Wheatley Foundation	(20)
Total Steven Henderson	15

Steven Henderson was appointed to the post of Chief Executive during the year, which was previously held by Martin Armstrong. The donation by Steven Henderson to the Wheatley Foundation was used to support tenants with food, fuel and rent costs during the year.

At the request of Steven Henderson his gross annual salary was reduced to £80,000 per annum with effect from 8 March 2023.

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

More than £10,000 but not more than £20,000	-	1
More than £130,000 but not more than £140,000	2	-
More than £140,000 but not more than £150,000	2	-
More than £150,000 but not more than £160,000	1	-
More than £170,000 but not more than £180,000	-	1
More than £180,000 but not more than £190,000	-	2
More than £190,000 but not more than £200,000	1	-
More than £200,000 but not more than £210,000	1	1
More than £350,000 but not more than £360,000	-	1

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

7. Key management emoluments (continued)

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2023.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £204k (2022: £210k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2023. Emoluments of £739k including pension contributions and compensation payments for loss of office of £658k were paid to three former key management personnel. Pension payments including associated strain on the fund are shown in note 26.

There were seven senior officers in post at 31 March 2023.

Steven Henderson	Group Chief Executive
Hazel Young	Group Director of Housing and Property Management
Laura Pluck	Group Director of Communities
Pauline Turnock	Group Director of Finance
Anthony Allison	Group Director of Governance and Business Solutions
Graham Isdale	Group Director of Corporate Affairs
Frank McCafferty	Group Director of Repairs and Assets

8. Employees

In the year to 31 March 2023, the average full time equivalent number of employees of the Group, including senior officers, was 2,817 (2022: 2,835). The total number of staff employed was 2,922 (2022: 3,075). No staff are directly employed by the Company.

Group	**2023**	**2022**
	£ 000	**£ 000**
Staff costs (for the above persons)		
Wages and salaries	98,807	89,023
Social security costs	10,133	8,784
Employer's pension costs	10,632	11,290
FRS 102 Pension adjustment	9,227	8,569
	128,799	117,666

9. Other gains/ (losses)

	2023	**2022**
	£000	**£000**
Group		
Loss on revaluation of investment property (note 19)	(9,137)	(3,148)
Gain on business combination	466	-
Total other gains/ (losses)	(8,671)	(3,148)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

9. Other gains/ (losses) (continued)

Loss on revaluation of investment properties:
A loss of £9,137k (2022: £3,148k) has been recognised on the annual revaluation of investment properties. On completion of new-build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income relating to the properties to be recognised through profit or loss under the performance model. On the first formal annual valuation after completion, the results of the initial valuation are compared against the gross new-build development costs held in the Statement of Financial Position; this requirement results in an initial non-cash accounting loss being reported on investment properties.

Gain on business combination
The 16 units at Strathclyde (Camphill) Housing Society Limited were transferred to Wheatley Homes Glasgow, along with all related asset and liabilities, on 16 January 2023 realising a gain of £0.5m.

10. Gain on disposal of fixed assets

This represents net income from the sale of properties including Shared Ownership sales.

Group	2023 £ 000	2022 £ 000
Proceeds from disposal of properties	1,675	2,685
Value of properties disposed	(1,400)	(1,532)
Surplus on sale of fixed assets	275	1,153

11. Finance income

Group	2023 £ 000	2022 £ 000
Bank interest receivable on deposits in the year	363	77
Net return on pension asset	1,443	29
Total	1,806	106

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

12. Finance charges

Group	**2023**	**2022**
	£ 000	**£ 000**
Interest payable	62,538	58,595
Interest amortised on Contingent Efficiency Grant	1,919	1,834
Other financing costs	1,270	3,198
Net cost on pension	35	191
Total	65,762	63,818

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs on the Group's funding arrangements, the amortised interest on the contingent efficiencies loan and costs for refinancing of group loan arrangements.

Interest of £2.4m (2022: £2.6m) has been capitalised at a weighted average interest rate of 3.90% (2022: 4.08%). The rate is specific to the funding drawn in the year and invested in housing under construction.

13. Movement in fair value of financial instruments

Group	**2023**	**2022**
	£ 000	**£ 000**
Movement in the Scottish Government loan	769	(4,226)
Movement in discount to arrears balances (note 21)	(9)	(52)
	760	(4,278)

14. Tax on surplus on ordinary activities

Group	**2023**	**2022**
	£000	**£000**
Total tax expense recognised in the Statement of Comprehensive Income:		
Current tax:		
Current tax on income for the year	87	27
Adjustment in respect of prior periods	-	4
	87	31
Deferred tax:		
Origination and reversal of timing differences	(47)	1,643
Effects of changes in tax rates	(14)	1,624
Adjustment in respect of prior periods	-	1
Adjustment in respect of transfer of properties	-	(113)
	(61)	3,155
Total Tax	26	3,186

The Company had no tax charge for the year (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

14. Tax on surplus on ordinary activities (continued)

The charitable status of Wheatley Homes Glasgow, Wheatley Homes East, West Lothian Housing Partnership, Loretto Housing Association, Wheatley Homes South, Wheatley Care and Wheatley Foundation Limited means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the Group's other non-charitable subsidiary companies.

Factors affecting the tax charge for the current period

Group	**2023**	**2022**
	£000	**£000**
Reconciliation of effective tax rate		
Surplus for the year	16,438	12,848
Total tax expense	26	3,186
Surplus excluding taxation	16,464	16,034
Tax using the UK corporation tax rate of 19% (2022:19%)	3,128	3,046
Effects of:		
Charitable surplus not subject to tax	(2,556)	(766)
Qualifying charitable donations	(809)	(611)
Under provision in prior year	-	4
Expenses not deductible	277	2
Tax rate changes	(14)	1,624
Transfer of investment properties at nil gain nil loss	-	(113)
Total tax expense included in Statement of Comprehensive Income	26	3,186

The Company has no tax charge for the year (2022: nil).

15. Auditor's remuneration

	2023	**2022**
The remuneration of the auditor (excluding VAT) is as follows:	**£'000**	**£'000**
Audit of these financial statements	41	15
Audit of financial statements of subsidiaries pursuant to legislation	640	328
Other audit related services	9	9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

16. Financial commitments

Capital commitments

All capital commitments of the Group were as follows:

Group	2023 £000	2022 £000
Expenditure contracted for, but not provided in the financial statements	117,636	106,898
Expenditure authorised by the Board but not contracted	52,398	44,062
	170,034	150,960

The Group has access to sufficient funding through cash or bank lending facilities to meet the capital commitments.

Operating leases

At 31 March the Group had commitments under non-cancellable operating leases as follows; the Company had no such commitments:

Group	2023 Land and Buildings £000	2023 Other £000	2022 Land and Buildings £000	2022 Other £000
Operating lease payments due:				
Within one year	529	140	452	182
In the second to fifth years inclusive	1,186	235	203	258
Over five years	1,185	-	50	-
	2,900	375	705	440

Lease commitments include the timing of the full payment due under contract as required by FRS 102. The Group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. As such, no disclosure of tenant leases under FRS 102 section 20.30 is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

17. Fixed assets – Social Housing Properties

Group	Core Stock £ 000	Housing Under Construction £ 000	Shared Owner-ship £ 000	Total £ 000
At Valuation				
At 1 April 2022	2,349,166	128,652	18,956	2,496,774
Additions	75,210	97,945	-	173,155
Disposals	(2,356)	-	(125)	(2,481)
Transfers	86,607	(106,023)	(15)	(19,431)
Revaluation	(48,673)	-	519	(48,154)
At 31 March 2023	2,459,954	120,574	19,335	2,599,863
Depreciation				
At 1 April 2022	-	-	-	-
Charge for year	(91,667)	-	(431)	(92,098)
Disposals	1,174	-	4	1,178
Transfers	(28)	-	-	(28)
Revaluation	90,521	-	427	90,948
At 31 March 2023	-	-	-	-
Net Book Value - valuation				
At 31 March 2023	2,459,954	120,574	19,335	2,599,863
At 31 March 2022	2,349,166	128,652	18,956	2,496,774
Net Book Value – historic cost equivalent				
At 31 March 2023	2,513,419	120,592	17,910	2,651,921
At 31 March 2022	2,444,479	128,652	18,477	2,591,608

Transfers includes the cost (£469k) and aggregate depreciation (£28k) of 16 units at Strathclyde (Camphill) Housing Society Limited transferred to Wheatley Homes Glasgow on 16 January 2023.

Total expenditure on repairs and capital improvements in the year on existing properties was £172.7m (2022: £192.3m). Of this, repair costs of £97.5m (2022: £84.8m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £75.2m (2022: £107.5m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £75.2m (2022: £107.5m) in the year include:

- £35.2m for component additions including:
    - £1.9m on external wall finishes;
    - £8.7m on energy efficient heating systems and boilers;
    - £3.3m on internal works and common areas;
    - £4.8m on kitchens and bathrooms;
    - £7.6m on mechanical, electrical and plumbing;
    - £1.9m on structure and roofs; and
    - £7.0m on windows and doors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

17. Fixed assets – Social Housing Properties (continued)

- The remaining balance of £40.1m of additions to existing properties not associated with a specific component includes £20.0m on void improvements and £6.4m of medical adaptations.

All subsidiaries in the Wheatley Housing Group Limited account for social housing properties at valuation. Additions to housing under construction include capitalised interest costs of £2.4m (2022: £2.6m). Interest has been capitalised at the weighted average interest cost for the Association of 3.90% (2022:4.08%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Group's demolition programme, as detailed in the Group's 30-year Business Plan for 2022/23. The demolition programme identifies 793 (2022: 792) properties for demolition over the next few years, with no long-term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the Existing Use for Valuation – Social Housing ("EUV-SH") calculation, and so is held at nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the year-end date to provide for these costs.

The Group's social housing properties have been valued by Jones Lang LaSalle Limited an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. The valuations were prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2023 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-7.00% have been used depending on the property archetype (2022:5.75-7.00 % retained stock). The valuation assumes real rental income increase of 0.5% for the first two years followed by real long-term growth of 1.0% thereafter for retained stock, in line with the Group's 30-year Business Plan (2022/23). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

Included in core stock are 966 garages and 1,200 parking sites owned by Wheatley Homes South held at a value of £3.9m (2022: £4.0m). These have been valued at market value subject to tenancy ("MV-T"), the Directors consider the difference between EUV-SH and MV-T for these properties to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

17. Fixed assets – Social Housing Properties (continued)

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Group at 31 March is shown below:

	2023	2022
Social Housing		
General needs	59,457	59,019
Shared ownership	359	360
Supported housing	1,887	1,879
Housing held for long-term letting	61,703	61,258
Housing approved/planned for demolition	793	792
Total Units	62,496	62,050

18. Fixed assets - other tangible fixed assets

Group	Community Infra-structure	Office Premises £ 000	District Heating £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost						
At 1 April 2022	17,024	19,262	11,235	41,572	64,270	153,363
Additions	5,191	3,288	352	5,967	7,133	21,931
Disposals	-	-	-	(109)	-	(109)
Revaluation	-	(4,624)	-	-	-	(4,624)
At 31 March 2023	22,215	17,926	11,587	47,430	71,403	170,561
Depreciation						
At 1 April 2022	(3,039)	-	(3,950)	(35,770)	(47,551)	(90,310)
Charge for year	(1,059)	(727)	(402)	(2,215)	(5,080)	(9,483)
Disposals	-	-	-	56	-	56
Revaluation	-	727	-	-	-	727
At 31 March 2023	(4,098)	-	(4,352)	(37,929)	(52,631)	(99,010)
Net Book Value						
At 31 March 2023	18,117	17,926	7,235	9,501	18,772	71,551
At 31 March 2022	13,985	19,262	7,285	5,802	16,719	63,053

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

19. Investments

Investment properties

Group	Properties held for market rent £ 000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2022	248,871	13,377	262,248
Additions	1,525	218	1,743
Transfers	19,900	-	19,900
Disposals	(785)	-	(785)
Revaluation	(9,712)	575	(9,137)
At 31 March 2023	259,799	14,170	273,969
Net Book Value			
At 31 March 2023	259,799	14,170	273,969
At 31 March 2022	248,871	13,377	262,248

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2023.

The number of properties held for market rent by the Group at 31 March were:

	2023	2022
Market Rent Properties		
Total Units	2,481	2,364

The Group's commercial properties were valued by an independent professional advisor, Jones Lang LaSalle, on 31 March 2023 in accordance with the appraisal and valuation manual of the RICS.

In determining the valuation of investment properties, it is assumed that there are no restrictions on the ability to realise the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

19. Investments (continued)

Investment in joint venture

Group	2023 £000	2022 £000
Investment in joint venture	116	116

The Group is a 50:50 joint venture partner in City Building (Glasgow) LLP. The investment in City Building (Glasgow) LLP is recognised in the financial statements at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share.

20. Stock

Group	2022 £ 000	2021 £ 000
Maintenance stock	1,713	1,412

Stock at maintenance depot relates to consumable parts in relation to our repairs and investment service for our subsidiaries in the east and south of the country.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

21. Debtors

Group	2023 £ 000	2022 £ 000
Due within one year:		
Arrears of rent and service charges	18,382	25,850
Adjustment to discount arrears balances with payment plans (note 13)	(133)	(119)
Less: provision for bad and doubtful debts	(10,198)	(9,109)
	8,051	16,622
Prepayments and accrued income	8,727	5,177
Other debtors	28,449	32,332
Total	45,227	54,131

22. Creditors: amounts falling due within one year

Group	2023 £ 000	2022 £ 000
Amounts falling due within one year:		
Trade creditors	6,349	15,746
Accruals	58,626	55,660
Deferred income (note 23)	36,461	60,953
Rent and service charges received in advance	14,250	13,875
Salaries, wages, other taxation and social security	3,545	2,718
Corporation tax	84	30
Bank overdraft	-	2,716
Housing loans	16,384	16,480
Other creditors	18,181	18,076
Total	153,880	186,254

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

23. Creditors: amounts falling due after more than one year

Group	2023 £000	2022 £000
Scottish Government loan	47,913	46,764
Housing loans	1,529,620	1,493,716
Deferred income	53,570	31,543
Total	1,631,103	1,572,023

The Scottish Government made available to Wheatley Homes Glasgow £100.0m of contingent efficiencies grant over an eight-year period. Under this agreement £100.0m (2022: £100.0m) has been received and this is an interest-free loan with repayment due in 2040/41. The amount due of £47.9m at 31 March 2023 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £1.9m (2022: £1.9m)
- fair value movement gain of £0.8m (2022: loss of £4.2m)

Interest costs are reported within finance charges (note 12). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

Housing Loans
Registered Social Landlord's borrowing arrangements are in place via a Group funding structure which consists of bank and capital markets debt, secured on charged properties owned by RSLs within the Wheatley Housing Group. RSL Group funding was made up of a committed facility of £685.0m from a syndicate of commercial banks, two committed facilities totalling £270.8m from the European Investment Bank, £300.0m raised through the issue of a public bond, £264.0m private placement loan notes with BlackRock Real Assets and M&G Investment Management, a £50.0m facility with Barclays, a £35.0m facility with RBS, and a £35m charitable bond via Allia Social Impact Investments. This provided total facilities of £1,639.8m for RSLs through Wheatley Funding No.1 Limited, a wholly owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2023, the RSL borrowing group comprises Wheatley Homes Glasgow, Wheatley Homes South, Wheatley Homes East, Loretto Housing Association and Wheatley Developments Scotland.

Additional separate facilities are provided through direct loans to Wheatley Homes East comprising of a committed facility from The Housing Finance Corporation of £16.5m and a £16.0m unsecured Scottish Government Charitable Bond with Allia Limited. Wheatley Homes South also has and a facility of £40.0m with The Housing Finance Corporation. The loan premium of £1,602k received on drawdown is being amortised over the life of the loan and at the 31 March 2023 stood at £1,030k (2022: £1,082k). A further £35.0m facility is in place with Allia under the Scottish Government Charity Bonds Programme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

23. Creditors: amounts falling due after more than one year (continued)

Bond finance is repayable in 2044/45 and has a coupon rate of 4.375%.

Following successful discussions, Wheatley Homes South joined the WFL1 funding arrangements on 1 April 2022, with its facility with M&G and RBS transferring to WFL1 on that date, aligning the funding arrangements for all RSLs in the Group through WFL1.

Lowther Homes Limited has access to a £76.5m facility provided through Wheatley Funding No.2 Ltd ("WFL2") via an agreement with Scottish Widows through Bank of Scotland. Interest on the new facility has been charged at a rate of 3.77%.

Borrowings are repayable as follows:	**2023** **£ 000**	**2022** **£ 000**
In less than one year	16,384	16,480
Between one and five years	135,103	185,339
In more than five years	1,394,517	1,308,377
	1,546,004	1,510,196

The deferred income balance is made up as follows:

	Housing Association Grant **£ 000**	**Other** **£ 000**	**Total Deferred Income** **£ 000**
Deferred income as at 1 April 2022	82,425	10,071	92,496
Additional income received	55,464	974	56,438
Released to the Statement of Comprehensive Income	(54,682)	(4,221)	(58,903)
Deferred income as at 31 March 2023	83,207	6,824	90,031

This is expected to be released to the Statement of Comprehensive Income in the following years:

Deferred income to be released to the Statement of Comprehensive Income:	**2023** **£ 000**	**2022** **£ 000**
In less than one year (note 22)	36,461	60,953
In more than one year but less than five years	53,570	31,543
In more than five years	-	-
	90,031	92,496

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

23. Creditors: amounts falling due after more than one year (continued)

Financial instruments

Financial assets:	**2023** **£'000**	**2022** **£'000**
Measured at amortised cost:		
Debtors and accrued income	45,227	54,116
Total	45,227	54,116

	2023 **£ 000**	**2022** **£ 000**
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	191,066	201,317
Bank loans	1,546,004	1,510,196
	1,737,070	1,711,513
Measured at fair value:		
Scottish Government loan	47,913	46,764
Total	1,784,983	1,758,277

Income earned and expense payable on the financial assets and liabilities is disclosed in note 11 and 12 respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

24. Provisions for liabilities and charges

Group	Insurance	Deferred tax	Dilapidation Provision	Total
	£ 000	£000	£'000	£ 000
At 1 April 2022	434	6,835	1,802	9,071
Created	87	-	-	87
Released	-	(56)	-	(56)
Utilised	-	-	(364)	(364)
At 31 March 2023	521	6,779	1,438	8,738

Insurance
A provision has been made in respect of the excess arising on all outstanding insurance claims.

Deferred tax
Deferred tax is provided to take account of timing differences between the treatment of certain items for financial statement purposes and their treatment for tax purposes. Deferred tax is provided for all material timing differences and for the unrealised gain or losses on investment properties in certain subsidiaries in the Group. The 2021 Budget announced an increase in the UK's main corporation tax rate to 25% and this is effective from 1 April 2023.

Dilapidation provision
This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by group entities.

25. Share capital

Wheatley Housing Group Limited was incorporated on 13 June 2012 and is a Company Limited by Guarantee and therefore does not have any Share Capital.

There were no balances in reserves for the company at 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

26. Pensions

Strathclyde Pension Fund

The funds are part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The Group subsidiary Wheatley Homes Glasgow Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme.

The latest full actuarial valuation was carried out as at 31 March 2020. The next full actuarial valuation is due as at 31 March 2023 but is not yet available at the date of these financial statements.

In preparing the formal valuation at 31 March 2020, an allowance for full GMP indexation and the estimated impact of the McCloud judgement was included based on the eligibility criteria for inclusion of members in the agreed remedy.

TPT Retirement Solutions - Scottish Housing Association Pension Scheme

West Lothian Housing Partnership, Loretto Housing Association, Wheatley Care and Wheatley Homes East participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association Limited and Wheatley Care transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013, West Lothian Housing Partnership transferred with effect from 1 September 2014 and Wheatley Homes East transferred on 1 April 2014.

As part of the transfer of engagements of West Lothian Housing Partnership to Wheatley Homes East which took place during the year, the assets and liabilities of West Lothian Housing Partnership in the SHAPs Defined Benefit scheme transferred to Wheatley Homes East. The transfer took place on 31 August 2022.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m a reduction from a deficit of 121m at the previous triennial valuation carried out on 30 September 2018. It was previously agreed by the Trustees to extend the period under which additional contributions were payable under the Recover Plan by twelve months up to 30 September 2022 to eliminate any remaining deficit.

The Scheme is classified as a "last-man standing arrangement". Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

26. Pensions (continued)

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figure from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The TPT Benefits Review is ongoing, with legal opinion being sought on whether pre-2003 benefits should have continued to receive pension increases in line with RPI inflation, rather than being switched to CPI inflation from 2011 onwards. The choice of inflation measure can have an impact on members' benefits because RPI is generally expected to be higher than CPI. Guidance from the Court, and therefore whether any increases to members benefits will be needed, is not expected before late 2024.

Wheatley Housing Group Defined Contribution Scheme

The Group also operates a defined contribution scheme through the Salvus Master Trust. These arrangements are open to most employees who are not members of the Strathclyde Pension Fund, SHAPS defined benefit or defined contribution scheme, or any other group scheme. Employer contributions vary pro rata with the level of contributions chosen by the individual employee member and range from 8% to 12%. Employer contributions are capped at 12%.

Group Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation of the Group defined benefit pension arrangements, are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 March 2023	**31 March 2022**
Discount rate	4.75%	2.70%
Future salary increases	2.60%*	2.20%
Inflation	2.95%	3.20%

* Salary increases are assumed to be 7.0% for 2023/24, 3.0% for 2024/25 and 2.00% thereafter.

As at 30 March 2023, Hymans Robertson's CPI assumption methodology has been updated. This adjustment has resulted in the CPI assumption being 0.1% p.a. higher compared to the assumption that would have been derived using the methodology adopted at 31 March 2022. The rationale for this is to include an allowance for high inflation since 30 September 2022.

In valuing the liabilities of the pension fund at 31 March 2023, mortality assumptions have been made as indicated below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

26. Pensions (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future changes in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner aged 65: 19.3 years (male) (2022 19.6 years), 22.2 years (female) (2022 22.4 years).
- Future retiree upon reaching 65: 20.5 years (male) (2022 21.0 years), 24.2 years (female) (2022 24.5 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which the Group has been allocated a share of cost under an agreed policy throughout the periods shown.

Movements in present value of defined benefit obligation

	SPF 2023 £ 000	SHAPS 2023 £ 000
Opening defined benefit obligation	**566,579**	**70,774**
Current service cost	20,375	-
Interest cost	15,439	1,990
Loss on curtailment	-	-
Actuarial gains	(195,991)	(21,812)
Contributions by members	2,498	-
Estimated benefits paid	(11,505)	(1,898)
Expenses	-	63
Closing defined benefit obligation	**397,395**	**49,117**

Movements in fair value of plan assets

	SPF 2023 £ 000	SHAPS 2023 £ 000
Opening fair value of plan assets	**624,745**	**70,492**
Expected return on plan assets	16,882	1,955
Actuarial losses	(26,706)	(24,972)
Contributions by the employer	10,931	375
Contributions by the members	2,498	-
Estimated benefits paid	(11,505)	(1,898)
	616,845	45,952
Effects of changes in surplus not recoverable	**(216,945)**	(82)
Closing fair value of plan assets	**399,900**	**45,870**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022 (continued)

26. Pensions (continued)

	SPF Value at 31 March 2023 £000	**SHAPS Value at 31 March 2023 £ 000**
Present value of funded defined benefit obligations	(396,451)	(49,117)
Present value of unfunded defined benefit obligations	(944)	-
Fair value of plan assets	399,900	45,870
Net asset/(liability)	2,505	(3,247)

Expense recognised in the Statement of Comprehensive Income

	SPF 2023 £ 000	**SHAPS 2023 £ 000**
Current service cost	16,318	375
Past service cost	4,057	-
Net interest on defined benefit obligation	(1,443)	35
Administration costs	-	63
	18,932	473

The total amount recognised in the Statement of Comprehensive Income in respective of actuarial gains and losses is a loss of £50,796k (2022: £72,075k gain).

The fair value of the plan assets and the return on those assets were as follows:

	2023 £ 000	**2022 £ 000**
Equities	379,291	410,921
Corporate bonds	174,890	172,260
Property	65,133	72,580
Alternatives	29,695	26,454
Cash	13,788	13,022
	662,797	695,237
Actual return on plan assets	(32,923)	48,736

During the year pension contributions of £1,080k (2022: £nil) were paid to Strathclyde Pension Fund on behalf of key management personnel who retired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

27. Related party transactions

The company retains a register of Directors' interests. During the year there were no interests in related parties that require to be disclosed or declared by Directors. Directors received emoluments for their services to Wheatley Housing Group Limited. Details are included in Note 6.

Tenant and factored homeowners Directors
The following Directors are tenants of Wheatley Homes Glasgow and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage:
Bernadette Hewitt

Transactions entered into with members, and rent arrear balances outstanding at 31 March, are as follows:

	2023
	£ 000
Rent charged during the year	5
Arrears balances outstanding at 31 March 2023	-

Other related parties
Related party interests and transactions during the year are as follows:

	Invoiced/paid in the year £ 000	**Year end balance £ 000**
2023		
City Building (Glasgow) LLP	111,567	(2,368)
Strathclyde Pension Fund	10,931	-
TPT Retirement Solutions – Scottish Housing Association Pension Fund	375	-
Bernadette Hewitt -Transforming Communities Glasgow	-	-
Bernadette Hewitt -Barmulloch Community Development	-	-
Steven Henderson -Scotcash CIC	-	-
Steven Henderson -Donation to The Wheatley Foundation Limited	74	-

All transactions were on commercial terms and at arm's length.

The Wheatley Housing Group Limited has a 50:50 share in City Building (Glasgow) LLP with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the west of Scotland.

During the year Wheatley Homes Glasgow held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a GHA nominated director on the board of TC:G.

During the year Wheatley Homes Glasgow held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Steven Henderson and David Rockliff serving on the board during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

28. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2023 £ 000	2022 £ 000
Surplus for the year	16,438	12,848
Depreciation of tangible fixed assets	102,322	101,587
(Increase)/ decrease in stock	(301)	507
Decrease/ (increase) in debtors	8,906	(11,708)
(Decrease)/ increase in creditors and provisions	(4,266)	19,137
Pensions costs less contributions payable	9,132	8,750
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(275)	(1,153)
Grants utilised in the year	(58,903)	(38,713)
Interest receivable	(1,806)	(106)
Interest payable	65,762	63,818
Movement in fair value of financial instruments	(760)	4,278
Loss on investment activities	8,671	3,148
Net cash inflow from operating activities	144,920	162,393

29. Subsidiary and associated undertakings

The ultimate parent company is Wheatley Housing Group Limited. The Company has fourteen immediate subsidiaries – Wheatley Homes Glasgow Limited, West Lothian Housing Partnership Limited (non-trading), Loretto Housing Association Limited, Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited, Wheatley Developments Scotland Limited, Wheatley Enterprises Limited, Lowther Homes Limited, YourPlace Property Management Limited (non-trading), Wheatley Homes East Limited, The Wheatley Foundation, Wheatley Solutions Limited, Wheatley Care and Wheatley Homes South Limited.

Wheatley Housing Group Limited retains constitutional control of all subsidiary undertakings.

The objective of Wheatley Funding No.1 Limited is the provision of finance to the Registered Social Landlords in the Group, which from 1 April 2022 included Wheatley Homes South Limited, and to Wheatley Developments Scotland Limited. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing. Lowther Homes Limited is involved in providing private and mid-market rent properties for let and the provision of property management services to homeowners' following the transfer of the business activities of YourPlace

Property Management Limited. Wheatley Enterprises Limited is a non-trading holding company of YourPlace Property Management which has ceased to trade following the transfer of business to Lowther Homes Limited in December 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

29. Subsidiary and associated undertakings (continued)

Wheatley Housing Group Limited is a 50:50 joint venture partner with Glasgow City Council in City Building (Glasgow) LLP. The Group's share of the results of City Building (Glasgow) LLP are accounted for using the equity method.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to the Group's operations. Scotcash provides accessible and affordable finance to individuals with limited access to banking services. GHA has provided start-up funding to Scotcash and has no outstanding obligations.

The legal form and share capital of each immediate subsidiary of the Wheatley Housing Group Limited is as follows:

Subsidiary	Legal status	Issued share capital
Wheatley Homes Glasgow Limited (formerly The Glasgow Housing Association Limited)	Co-operative and Community Benefit Society	10 x £1 shares
Wheatley Homes East Limited (formerly Dunedin Canmore Housing Limited)	Co-operative and Community Benefit Society	105 x £1 shares
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.2 Limited	Company Limited by Guarantee	No share capital
Wheatley Enterprises Limited	Company Limited by Shares	100 x £1 ordinary shares
Lowther Homes Limited	Company Limited by Shares	100 x £1 ordinary shares
YourPlace Property Management Limited	Company Limited by Shares	1 x £1 ordinary shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	70 x £1 shares
West Lothian Housing Partnership Limited	Company Limited by Guarantee	No share capital
Wheatley Solutions Limited	Company Limited by Shares	100 x £1 shares
The Wheatley Foundation Limited	Company Limited by Guarantee	No share capital
Wheatley Homes South Limited (formerly Dumfries and Galloway Housing Partnership Limited)	Company Limited by Guarantee	No share capital
Wheatley Care	Company Limited by Guarantee	No share capital
Wheatley Developments Scotland Limited (from 1 April 2022)	Company Limited by shares	2 x £1 shares

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

29. Subsidiary and associated undertakings (continued)

The Company exercises its functions as parent of the entities listed above through ownership of 100% of the share capital in all Companies Limited by Shares, through the ownership of a parent share with controlling rights in all Co-operative and Community Benefit Societies, and through a controlling interest as a member of the Companies Limited by Guarantee.

Transactions between wholly owned Group companies and closing balances do not require to be disclosed under FRS 102.

SUPPLEMENTARY INFORMATION

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