**WHEATLEY HOUSING GROUP LIMITED**
**BOARD MEETING**

**Wednesday 13 November 2024 at 10.30am**
**New Mart Road, Edinburgh**

# AGENDA

Discussion – Sean Neill, Director of Housing, Scottish Government

1. Apologies for absence
2. Declarations of interest
3. a) Minutes of meetings held on 25 September 2024 and matters arising
   b) Action list
4. Group CEO update

**Main Business**

5. Repairs update (Presentation)
6. 2025 rent setting - consultation and engagement approach
7. Group strategy – 2021-26 refresh and 2026-31 pathway
8. [redacted]
9. Performance Report

**Other Business**

10. [redacted]
11. Finance Report
12. AOCB

**Report**

| | |
|---|---|
| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Pauline Turnock, Group Director of Finance** |
| **Approved by:** | **Steven Henderson, Group Chief Executive** |
| **Subject:** | **2025 rent setting - consultation and engagement approach** |
| **Date of Meeting:** | **13 November 2024** |

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## 1. Purpose

1.1 This report:

- seeks agreement for the range of 2025/26 Registered Social Landlord ("RSL") rent and general service charge increases for initial consultation with tenant focus groups;
- sets out the proposed timetable for subsidiary RSL Board approvals and the full tenant consultation; and
- provides the Board with a mid-year update on the financial projections and key financial indicators for our RSLs.

## 2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the Group rent setting framework. Subsidiary Boards approve their rent increases within this framework. It is proposed, as with last year, that RSL Boards are delegated authority for the final approval where the increase is within the range agreed by this Board.

## 3. Background

Economic context

3.1 The UK has experienced a challenging economic period over the past two years as inflation rose steeply and the Bank of England responded with sustained interest rate rises, creating financial pressure to both businesses and households. Over the last year the monetary policy decisions by the Bank of England have helped reduce inflation from 6.7% to 1.7% and while there are now signs of economic recovery, and potential for interest rate reductions, challenges remain in keeping inflation close to the Bank of England 2% target and creating sustainable growth. Market predictions show inflation may increase slightly over the remaining months of this financial year but will remain close to the target prompting forecasts for further interest rate cuts from the current rate of 5.0% to 4.5% by the end of March 2025.

3.2 While general Consumer Price Index (CPI) inflation has reduced, costs remain higher for key areas of housing expenditure such as repairs and insurance. Interest rate reductions are forecast but rates are unlikely to return to the low levels seen pre-2022. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates. After managing our services through the recent period, the 7.5% rent increase implemented in April 2024 allowed us to begin rebuilding financial capacity in our business plan and, along with assumed future rent increases, provides for an appropriate level of funding for investment in lifecycle replacements and our legislative obligations in our homes. During the year, as part of our asset strategy discussions, we agreed that the investment priorities set out in our neighbourhood plans be reflected in our rent setting proposals together with the creation of a provision to fund energy efficiency improvements in our homes which will be required to meet the new Scottish Housing Net Zero Standard (SHNZS).

## 4. Discussion

4.1 The rent increase assumptions in our financial projections are subject to ongoing review. The annual review takes into account our key rent setting principles:

- Keeping rents affordable;
- Comparability with other social landlords;
- Financial viability; and
- Consultation with tenants and service users.

<u>Affordability</u>

4.2 Our average rents for 2024/25 are shown in Table 1 below, alongside the Scottish average and Scottish RSL averages for the same year. To allow as "like for like" a comparison as possible these rates are based on the latest available information via the 2023/24 Annual Return on the [Scottish Social Housing] Charter ("the ARC") to the Scottish Housing Regulator ("SHR") with the 2024/25 rent increase (sourced from the SHR) applied.

**Table 1***: Group RSL Average Weekly Rents – March 2024 ARC Return + 24/25 rent increase*

| RSL | Average Weekly Rent | | | | | Total Lettable Units | Overall Average Weekly Rent |
|---|---|---|---|---|---|---|---|
| | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5 Apt | | |
| WH East | £114.26 | £109.83 | £118.80 | £127.24 | £138.02 | 6,473 | £115.90 |
| Loretto HA | £128.36 | £106.55 | £106.78 | £116.35 | £137.37 | 2,612 | £113.06 |
| WH Glasgow | £82.68 | £94.66 | £101.66 | £118.15 | £129.62 | 41,886 | £103.14 |
| WH South | £103.15 | £89.16 | £96.63 | £103.44 | £113.04 | 10,068 | £96.78 |
| **GROUP** | **£84.35** | **£97.55** | **£102.47** | **£115.55** | **£127.54** | **61,039** | **£103.87** |
| **Scottish Average** | **£87.22** | **£93.19** | **£95.75** | **£104.25** | **£114.84** | | **£97.36** |
| **Scottish RSL Average** | **£93.80** | **£102.26** | **£103.67** | **£114.08** | **£125.97** | | **£105.85** |

4.3 The UK Government accepted the Low Pay Commission (LPC) recommendations and increased the national minimum wage by approximately 10% in April 2024 from £10.42 to £11.44. The minimum wage will increase, above initial estimates, by a further 6.7% to £12.21 for 2025. The UK state pension increased by 8.5% in 2024, the second highest increase ever applied, and will increase by a further 4.1% in April 2025 in line with wage increases under the "triple lock" guarantee. The Scottish Child Payment of £25 per week, per eligible child remains in place and applies to all eligible children (looked after by a guardian in receipt of a qualifying benefit) under 16.

4.4 We have used the joint Scottish Federation of Housing Associations ("SFHA") / Housemark Rent Affordability Tool to assess how affordable our rents are. This tool allows us to calculate the rent as a percentage of income for different customer groups most associated with different property sizes.

4.5 An in-depth affordability analysis of our social rents is set out in Appendix 1, using the SFHA/Housemark Tool. While the results are subject to the inherent limitations of the assumptions used in this Tool and are necessarily generalised based on an assumption that no individual earns more or less than the UK government minimum wage, it provides a useful and prudent assessment of our position in each RSL and each part of the country. To correspond with the Tool's use of the minimum (living) wage from 1 April 2024 of £11.44, the analysis uses average rents from Table 1.

4.6 At a Group-level, **all relevant customer groups and property size combinations are below a 30% rent to income ratio** relative to the national minimum (living) wage as shown in Table 2 below. Shelter (2015) cited in the Scottish Government literature review of rent affordability has quoted a figure of 35% of net household income[1] as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income[2], then serious affordability issues may arise.

**Table 2:** *Group Average Rents as a percentage of income*

| Customer Group | 1 Apt | 2 Apt | 3 Apt | 4 Apt |
|---|---|---|---|---|
| Single Person | 24.1% | 27.9% | | |
| Couple 1PT 1FT | | 18.6% | | |
| Couple 2FT | | 13.9% | | |
| Single parent (2 Children) | | | 18.3% | 20.9% |
| Small family (2 Children) | | | 13.9% | 15.7% |

NB: The tool does not provide an appropriate customer group against which to assess 5 Apt rents

4.7 A breakdown by each RSL is set out in more detail in Appendix 1. This shows that consistent with previous years, 1-apartment bedsits (including supported communal living) and one-bedroom properties occupied by single people in Loretto and WH-East appear to have higher rent to income ratios above 30%. For many supported tenancies, this is because service charges are in place to fund the housing support costs. These are paid for in almost all cases by housing benefit and for tenants not in receipt of benefits we will continue to have funding available in 2025/26 to support those experiencing financial difficulties.

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

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

Comparability

4.8 We have compared our 2024/25 rents across our RSLs in the tables below uplifting the comparator RSLs by their published 2024/25 increase. We will provide an update on the latest information available on RSL and Local Authority rent proposals for 2025/26 at our December meeting. At the time of writing, two Local Authorities have announced their consultations with Aberdeen City Council proposing a 10% rent increase and the City of Edinburgh Council consulting on a 7% increase after an agreement to raise rent by that amount for five years starting in April 2024 to fund their 10 year capital investment programme.

*Glasgow*

4.9 Table 3 below shows the most recent available comparison of RSL rents in Glasgow City from the Scottish Housing Regulator's Annual Return on the Charter ("ARC") published data with the 2024/25 increase applied.

**Table 3:** *Glasgow RSL average rents + service charges as at March 2024 with 24/25 increase applied (Source ARC)*

| Glasgow >1000 | Average weekly rent by House Size | | | | |
|---|---|---|---|---|---|
| Social Landlord | 1 Apt | 2 Apt | 3 Apt | 4 Apt | 5+ Apt |
| Southside HA Ltd | £82.74 | £99.52 | £115.40 | £126.64 | £136.23 |
| Govanhill HA | £90.28 | £104.86 | £113.20 | £130.11 | £152.68 |
| Sanctuary Scotland HA | £75.33 | £94.64 | £108.85 | £120.03 | £129.13 |
| Whiteinch and Scotstoun | £94.89 | £103.30 | £108.69 | £124.38 | £133.65 |
| North Glasgow HA | £87.78 | £98.88 | £107.17 | £117.13 | £129.79 |
| New Gorbals HA | £69.79 | £95.13 | £106.16 | £118.38 | £135.19 |
| West of Scotland HA | - | £98.80 | £104.29 | £107.43 | £113.21 |
| Thenue HA | £79.83 | £95.20 | £102.64 | £116.80 | £125.31 |
| Govan HA | £82.75 | £88.49 | £102.28 | £113.60 | £127.72 |
| Glen Oaks HA | - | £96.14 | £101.88 | £110.71 | £136.68 |
| WH Glasgow | £82.68 | £94.66 | £101.66 | £118.15 | £129.62 |
| Queens Cross HA | £85.82 | £96.57 | £101.19 | £112.23 | £127.48 |
| Partick HA | £67.16 | £89.40 | £100.60 | £121.25 | £135.22 |
| Maryhill HA | £81.85 | £94.34 | £99.75 | £103.78 | £114.06 |
| Shettleston HA | £50.17 | £88.12 | £97.29 | £108.98 | £133.09 |
| Elderpark HA | £79.78 | £85.69 | £96.64 | £113.98 | £133.30 |
| Milnbank HA | £67.18 | £93.93 | £96.52 | £105.08 | £115.76 |
| Parkhead HA | £62.95 | £77.91 | £96.31 | £106.39 | £130.54 |
| Linthouse HA | £78.04 | £83.92 | £95.53 | £108.95 | £118.89 |
| Rosehill Housing Co-op | £68.74 | £81.64 | £92.57 | £91.83 | £97.66 |
| Tollcross HA | - | £78.30 | £87.97 | £106.45 | £118.96 |

** ordered by 3 Apt average as the highest WH-G stock number at c50%*

4.10 For 2,3 and 4 apt properties, the vast majority of WH-Glasgow stock, when compared to other RSLs in the city, sits broadly mid-table. This is within the context of a wider service offering and the prevalence of multi-story flats ("MSFs") with the associated expense for 24/7 on-site presence (around ¼ of stock).

4.11 Loretto's figures are skewed by the levels of service charges for specialist supported accommodation and have therefore been excluded from the table above. When compared with other specialist RSL providers that focus on older people/supported housing such as Bield, Loretto compares favourably as shown in the table below.

**Table 4:** *Specialist provider average rents + service charges 2023/24 with 24/25 increase applied (Source ARC 2023/24)*

| **Loretto - Supported** | **Average weekly rent by House Size** | | | | |
|---|---|---|---|---|---|
| **Social Landlord** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Ark HA | £105.28 | £115.87 | £122.43 | £122.68 | £128.39 |
| Bield Housing & Care | £156.49 | £169.92 | £172.22 | £172.19 | £150.07 |
| Hanover (Scotland) HA | £132.65 | £153.01 | £157.23 | £136.97 | £140.39 |
| Viewpoint HA | £119.74 | £139.86 | £141.72 | £186.97 | - |
| Loretto HA | £128.36 | £106.55 | £106.78 | £116.35 | £137.37 |

*Edinburgh, the Lothians and Fife*

4.12 WH-East's rents reflect the higher rent profile of the Edinburgh market and are around the median for social landlords in the city a similar position to the previous year.

**Table 5a:** *WH-East RSL average rents + service charges at March 2024 with 24/25 increase applied (Source ARC 2023/24)*

| **Edinburgh, the Lothians and Fife** | **Average weekly rent by House Size** | | | | |
|---|---|---|---|---|---|
| **Social Landlord** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Viewpoint HA | £119.74 | £139.86 | £141.72 | £186.97 | - |
| WH East (all stock) | £114.26 | £109.83 | £118.80 | £127.24 | £138.02 |
| Manor Estates HA | - | £120.00 | £117.61 | £123.09 | £144.66 |
| Castle Rock Edinvar HA | £85.84 | £97.06 | £115.97 | £131.08 | £146.96 |
| City of Edinburgh Council | £87.18 | £97.77 | £113.20 | £130.34 | £138.49 |
| Harbour Homes | £84.70 | £96.67 | £111.87 | £128.67 | £141.15 |
| Link Group Ltd. | £80.72 | £95.01 | £107.96 | £113.37 | £128.25 |
| Prospect Community Housing | - | £92.03 | £100.36 | £115.54 | £132.48 |

4.13 In West Lothian we recognised that our rents were comparatively higher and this was a major factor in the creation of WH-East. As was our intention, our rent commitment made as part of the tenant ballot, and delivered through our 2.5% increase which was in place for 2022/23, 2023/24 and 2024/25 rents, has improved comparability.

**Table 5b:** *WH-East RSL average rents + service charges at March 2024 with 24/25 increase applied (Source ARC 2023/24)*

| West Lothian | Average weekly rent by House Size | | | | |
|---|---|---|---|---|---|
| **Social Landlord** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Castle Rock Edinvar HA (all stock) | £86.85 | £97.06 | £116.24 | £130.98 | £147.51 |
| WH East (West Lothian only) | | £99.34 | £99.49 | £104.94 | £108.71 |
| Almond HA | £65.29 | £86.70 | £97.14 | £110.22 | £126.86 |
| West Lothian Council | £74.19 | £81.24 | £86.51 | £91.71 | £98.78 |

*Dumfries & Galloway*

4.14 WH-South rents are compared with the other local operators below. As in previous years they continue to remain significantly below the averages for other RSLs operating in the region for all stock sizes, particularly for 3 Apartment (2 bedroom) homes and larger which represent over 70% of WH-South stock. The comparator figures are based on the whole stock base for those landlords, as RSL rents analysed by Local Authority are not made public.

**Table 6:** Dumfries and Galloway *RSL average rents + service charges at March 2024 with 24/25 increase applied (Source ARC 2023/24)*

| Dumfries & Galloway | | | | |
|---|---|---|---|---|
| **Social Landlord** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| WH South | £89.16 | £96.63 | £103.44 | £113.04 |
| Irvine HA | £92.60 | £101.99 | £110.99 | £120.04 |
| Cunninghame HA | £85.89 | £112.15 | £122.29 | £130.89 |
| Loreburn HA | £106.61 | £112.58 | £119.87 | £135.51 |
| Home in Scotland | £102.84 | £120.56 | £126.71 | £136.42 |

4.15 WH South rents have been consistently the lowest in the region with both Home in Scotland and Loreburn applying a similar rent increase to WH-South in 2024.

*Financial Viability - RSLs*

4.16 We form part of a borrowing group with other Wheatley RSLs. This means that we assess the key financial indicators of the RSLs aggregated together. Over recent years, the financial capacity within our RSL business plans has been subject to external pressures such as cost inflation, repairs inflation and interest rate increases. This has been coupled with a sustained increased demand for repairs and additional legislative compliance obligations.

4.17 All of these factors have consumed more headroom than previously existed in our financial projections. Our business plan requires us to balance keeping our rents affordable, maintaining the standard of our homes, investing in our services and ensuring the organisation remains financially viable.

4.18 Cost efficiencies and rent increases are key drivers in growing the financial capacity within the business. We have been able to keep rent increases low by driving overhead efficiencies from our Group structure; we have delivered over £1.3m of annual running cost savings in the last two years and a reduction of £5.5m in employee costs over the same period. Efficiencies achieved have provided real savings in staff and running costs of £16.4m after adjusting for the effect of inflation over the first three years of our 2021-2026 strategy.

4.19 We have also recently agreed amendments to our financial covenants which provide financial capacity for specific investment capital projects relating to retrofit and improvements in the energy efficiency of our homes. Our rent increase in April 2024 allowed us to begin rebuilding the financial capacity in our business plan and, along with assumed future rent increases over the next three years, provide sufficient funding in our financial projections to meet investment in lifecycle replacements and our legislative obligations in our homes.

4.20 Our financial projections remain subject to notable cost pressures despite an easing in the rate of general CPI inflation. A large element of our annual expenditure is made up of repairs and maintenance costs and staff delivering housing and neighbourhood environmental service for our customers. Repairs inflation continues to run higher than general inflation with costs increasing by almost 5% in the year to September.

4.21 The recent budget announcement of an extra 1.2% on employers' national insurance and a lowering of the threshold at which contributions string being paid on employee salaries from £9,100 a year to £5,000. This change has a direct impact on our projections increasing staff costs by £2.4m and the costs to provide services such as repairs, environmental services and housing management to tenants. This increase in national insurance contributions was not previously anticipated in our financial projections and the resulting direct increase to our cost base has been a factor in considering our rent proposals for 2025/26.

4.22 In considering the rent increase for 2025/26 our process has been informed through our ongoing engagement with tenants and their consistent message on how important the overall quality of their home and neighbourhood is to them. When developing our Asset Management Strategy we engaged Customer Voice panels on the key themes and drivers and collated feedback on investment priorities through our network of staff who work with customers in their communities.

4.23 Our approach to energy efficiency investment is informed by customers too, with a clear theme in our Asset Management Strategy on the delivery of energy efficiency improvements to reduce heating costs, as well as meeting the proposed requirements of the Scottish Government's Social Housing Net Zero Standard (SHNZS).

4.24 This information has informed the prioritisation and approaches in our more detailed Strategic Asset Investment and Management Plans. In turn, this has informed our rent considerations and the level of funding required to increase investment in our homes and neighbourhoods beyond compliance and lifecycle replacements.

4.25 We have updated our financial projections for the most recent market predictions for future inflation and interest rates. Our inflation assumptions reflect a return towards the Bank of England's 2% inflation target and a stabilisation thereafter. Reductions in interest rates from the current level of 5.0% to 4.5% in 2025/26 and 2026/27 are assumed but with the longer-term rate assumption prudently held at 5.0%.

4.26 Taking all of these factors into account, our rent proposals for 2025/26 are based on an increase of 6.9%. This would allow us to:

- continue to grow the planned funding for our legislation and lifecycle replacement investment programme;
- create a funding provision to deliver our neighbourhood plans and a programme of environmental improvements which would see 300 blocks of flats benefit from a programme of external fabric and environment maintenance and improvements and a further 30 blocks receive more intensive fabric improvements each year;
- create capacity to build a programme of energy efficiency improvements to meet the zero targets in the new SHNZS; and
- cover the increase in our cost base from the additional 1.2% in employers' national insurance and the higher level of repairs and maintenance cost inflation.

4.27 As part of our April 2025 rent proposals we will continue to assist our tenants who struggle to pay their rent and have assumed a provision of £1m in the Wheatley Foundation for a 2025/26 Helping Hand Fund.

4.28 [redacted]

[redacted]

4.29 [redacted]

[redacted]

Consultation and approval – timing and approach

4.30 The consultation with tenants has in previous years set out the proposed increase. Last year we provided two options for the increase launched to initial focus groups followed by writing to all tenants.

4.31 It is proposed that the focus groups would again be independently facilitated discussions on:

- Two options of 6.9% and 7.9% and why the base level is necessary;
- The proposed approach to the options – community investment with the additional money; and
- The draft rent brochure and how well it explains the above.

4.32 The key outcomes we will be seeking from the focus groups would be:

- qualitative feedback on the proposed rent increase range;
- clear messaging in the final brochure on why the base level is what it is; and
- clear, specific proposals in the final brochure on how additional options would be deployed in practice.

4.33 It is intended that we will seek to engage at least 100 tenants through at least 15 focus groups, drawn from across the RSLs on a broadly proportionate basis. The focus groups will be a mix of in person, online and daytime and evening to allow more opportunities to participate. The attendees will be drawn from our Customer Voices, with priority given to those who have not previously attended.

4.34 A draft rent consultation booklet is attached in Appendix 2. Based on feedback last year from our tenant focus groups we have continued to reduce the amount of text whilst retaining the key messages.

4.35 In terms of the formal consultation and when and how we agree where within the 6.9%-7.9% range we consult the proposed approach is as follows:

| Key action | Timescale |
|---|---|
| Group Board approves rent increase range | 13/11 |
| RSL Boards approve the rent increase range and delegate authority to the Chair to agree final level (between 6.9%-7.9%) | 20 – 28/11 |
| Independently facilitated rent Focus Groups | 21/11 – 5/12 |
| Group Board approve final consultation levels – taking into account focus group feedback and available comparability data | 18/12 |
| Chairs confirm to RSL Boards consultation increase options | 18/12 |
| Consultation with tenants<br>(subject to mail drops but a minimum of 2 weeks) | 13-27/01/25 |

4.36 As with previous years we will engage with Civica electoral services to independently administer the consultation process and verify the results. Following the continued high uptake levels last year we will again offer the option to respond online or via text message as well as by post.

4.37 Again, as with last year, in order to allow us to ensure that the final notification to tenants on the rent increase arrives in time it is proposed that RSL Boards are delegated authority to approve the increase at their February meetings where it is within the agreed range i.e. the Group Board agreed range in December.

4.38 This will mitigate the risk that the letters are delayed awaiting Group Board approval and do not arrive in time to give sufficient, including a legal minimum of four weeks, notice to tenants. This will also allow us longer to engage with tenants once they receive the notification, particularly those who are required to update their Universal Credit portal with the 2025/26 rent levels.

## 5. Customer Engagement

5.1 The rent focus groups will seek customer feedback on the main mechanism for customer engagement, the rent consultation booklet. Thereafter every tenant will be formally consulted as part of the rent setting process.

## 6. Environmental and sustainability implications

6.1 No implications noted.

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

8.1 We consider a rent increase range of between 6.9% and 7.9% provides an appropriate balance between affordability for our tenants and the preservation of appropriate levels of investment in our homes and neighbourhoods. It also starts to build capacity for the investment required to meet proposed SHNZS energy efficiency targets. This is within the context of our financial projections which already included the identification of cost efficiencies.

## 9. Legal, regulatory and charitable implications

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

## 10. Risk Appetite and assessment

10.1 The Group's risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward".* In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "avoidance of risk and uncertainty is a key organisational objective".

10.2 The proposed approach to consultation includes writing to all tenants and this mitigates the risk that we do not meet our statutory obligation in relation to consultation.

## 11. Equalities implications

11.1 As part of both the tenant focus groups and the consultation process we will take into account tenant communication preferences and needs as appropriate. This includes, for example, where we need to provide the consultation documentation in a different way for tenants who may be blind, deaf or not read English.

## 12. Key issues and conclusions

12.1 As we set out rents for 2025/26, we must balance the economic climate and associated cost pressures, our ongoing and future obligations in relation to building compliance and what will be necessary to deliver the increased investment in their homes tenants continue to tell us they want.

12.2 Taking this into account it is proposed that we agree on a range for the rent increase with the ability to finalise where within this range we will consult in December. This will allow us to consult based on the most up-to-date information on the economic climate, the initial feedback from the tenant focus groups and the conditions of our wider operating environment.

12.3 Our analysis shows that our average rents are currently well within the range of affordability and that they are not amongst the highest within the relevant comparator groups.

## 13. Recommendations

13.1 The Board is asked to:

1) Agree that we undertake an initial consultation with rent focus groups on a 6.9% increase with an additional option of 7.9% for the 2025/26 rent and service charge increase;
2) Note that the proposal above will presented to RSL subsidiary Boards at their next meeting for approval;
3) Note that the final approval of the rent increase for consultation with all tenants will be presented for approval at the December 2024 meeting; and
4) Agree that subsidiary RSL Boards be delegated authority to agree the 2025/26 rent and service charge increase where it is within the agreed range.

LIST OF APPENDICES:

Appendix 1: Affordability analysis using SFHA rent affordability tool
Appendix 2: [redacted]

## Appendix 1 - Affordability Analysis, October 2024

To correspond with the SFHA/Housemark rent setting affordability tool's use of the minimum (living) wage from 1 April 2024 of £11.44, the analysis uses ARC Average rent 2023/24 uplifted by our rent increases in 2024/25.

These figures are shown below.

| RSL | Rent Increase 2024/25 | Notes |
|---|---|---|
| WH East | 7.50% | WLHP transfer properties - 2.5% cap (as per ballot commitments) |
| Loretto | 7.50% | |
| WH Glasgow | 7.50% | Four blocks at Wyndford - no increase |
| WH South | 7.50% | |
| **GROUP** **(weighted increase by RSL lettable units)** | 7.50% | |

| RSL | 1 Apt | | 2 Apt | | 3 Apt | | 4 Apt | | 5 Apt | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Average rent 2023/24 uplifted by 2023/24 increase | Lettable Units | Average rent 2023/24 uplifted by 2023/24 increase | Lettable Units | Average rent 2023/24 uplifted by 2023/24 increase | Lettable Units | Average rent 2023/24 uplifted by 2023/24 increase | Lettable Units | Average rent 2023/24 uplifted by 2023/24 increase | Lettable Units |
| WH East | £114.26 | 44 | £109.83 | 3132 | £118.80 | 2338 | £127.24 | 829 | £138.02 | 130 |
| Loretto | £128.36 | 74 | £106.55 | 973 | £106.78 | 1078 | £116.35 | 441 | £137.37 | 46 |
| WH Glasgow | £82.68 | 2742 | £94.66 | 8107 | £101.66 | 21595 | £118.15 | 8172 | £129.62 | 1270 |
| WH South | £103.15 | 1 | £89.16 | 2835 | £96.63 | 4335 | £103.44 | 2589 | £113.04 | 308 |
| **GROUP** **(Weighted average based on RSL lettable units)** | £84.35 | 2861 | £97.55 | 15047 | £102.47 | 29346 | £115.55 | 12031 | £127.54 | 1754 |

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

**WH East:**

| | Size | | | | |
|---|---|---|---|---|---|
| **Customer Group** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Single Person | 32.6% | 31.4% | | | |
| Couple 1PT 1FT / Pensioner couple | | 20.9% | | | |
| Couple 2FT | | 15.7% | | | |
| Single parent (2 Children) | | | 21.2% | 22.7% | |
| Small family (2 Children) | | | 16.2% | 17.3% | |

**Loretto:**

| | Size | | | | |
|---|---|---|---|---|---|
| **Customer Group** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Single Person | 36.7% | 30.4% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 20.3% | | | |
| Couple 2FT | | 15.2% | | | |
| Single parent (2 Children) | | | 19.1% | 20.8% | |
| Small family (2 Children) | | | 14.5% | 15.8% | |

**WH Glasgow:**

| | Size | | | | |
|---|---|---|---|---|---|
| **Customer Group** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Single Person | 23.6% | 27.0% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 18.0% | | | |
| Couple 2FT | | 13.5% | | | |
| Single parent (2 Children) | | | 18.1% | 21.1% | |
| Small family (2 Children) | | | 13.8% | 16.1% | |

**WH South:**

| | Size | | | | |
|---|---|---|---|---|---|
| **Customer Group** | **1 Apt*** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Single Person | | 25.5% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 17.0% | | | |
| Couple 2FT | | 12.7% | | | |
| Single parent (2 Children) | | | 17.2% | 18.5% | |
| Small family (2 Children) | | | 13.1% | 14.1% | |

**Group:**

| | Size | | | | |
|---|---|---|---|---|---|
| **Customer Group** | **1 Apt** | **2 Apt** | **3 Apt** | **4 Apt** | **5+ Apt** |
| Single Person | 24.1% | 27.9% | | | |
| Couple 1PT 1FT/ Pensioner couple | | 18.6% | | | |
| Couple 2FT | | 13.9% | | | |
| Single parent (2 Children) | | | 18.3% | 20.9% | |
| Small family (2 Children) | | | 13.9% | 15.7% | |

*1 Apt not shown due to low number of this property size.

Wheatley Group

# Report

| | |
|---|---|
| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Anthony Allison, Group Director of Governance and Business Solutions** |
| **Approved by:** | **Steven Henderson, Group Chief Executive** |
| **Subject:** | **Group strategy – 2021-26 refresh and 2026-31 pathway** |
| **Date of meeting:** | **13 November 2024** |

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## 1. Purpose

1.1 To seek the Board's feedback on and approval of:

- a refreshed version of our Group strategy "*Your Home, Your Community, Your Future*" through to 2026; and
- the pathway and timings for developing our 2026-2031 Group strategy.

## 2. Authorising and strategic context

2.1 Under the Group Standing Orders the approval of and any amendments to the Group 5-year strategy is reserved to this Board. The original version of the strategy was approved by the Board in October 2020 in advance of coming into effect in April 2021.

2.2 Our strategic context has changed significantly since the strategy was first agreed. Our annual strategy workshops provide an opportunity to reflect on changes over the previous year and any implications for our strategy.

2.3 The political landscape and policy context, both national and UK-wide, continue to be dynamic. Over the last twelve months, the Scottish Government declared a National Housing Emergency, significantly reduced the Scottish Government budget for the Affordable Housing Supply Programme and published a proposed Social Housing Net Zero Standard. We have also seen a change in the UK Government and its first Autumn budget.

2.4 The economic landscape has continued to evolve, with inflation between 2-2.3% for the last six months and interest rates beginning to fall, albeit still at 5%. In addition to our strategy updates, we take this into account in our business planning, which reflects our financial plans in relation to investment, development, and running costs.

## 3. Background

3.1 In June 2021 the Board agreed a refreshed Group Performance Management Framework alongside a clear methodology for how we would measure our progress in delivering the outcomes of our strategy.

3.2 This approach identified a range of strategic commitments and performance measures for each of our strategic outcomes, the delivery of which would constitute achieving the strategic outcome. It was recognised that the commitments and measures would evolve throughout the life of our strategy as we refreshed and renewed it. It was also recognised that the delivery of some commitments and measures was interdependent on external stakeholders.

## 4. Discussion

Key achievements

4.1 We have made strong progress in the delivery of our strategy, with a significant number of the strategic commitments agreed at the outset either already delivered or in progress. Since the 2023 strategy renewal we have continued to make progress, with particular highlights including:

- **Wheatley Homes South**, **Wheatley Homes East and Loretto achieving 90%+ overall satisfaction** in our **i**ndependent tenant satisfaction surveys;
- The development of **a new, integrated neighbourhood management approach** bringing clarity in how we are addressing local priorities;
- **A new Group asset strategy** and Asset Management Plans which support the **linking asset investment to neighbourhood priorities** as well as meet our current and future compliance obligations;
- Our strong financial platform was reaffirmed through retaining our A+ (stable) credit rating and our investment in stock support our asset value growing by over £200m ;
- Exceeding our target to reduce the output of CO2 emission from our homes by over 4,300 tonnes;
- Creating almost 1,000 training places or apprenticeships opportunities;
- **Successful migration to a cloud telephony platform** within our Customer First Centre **ahead of schedule**. The platform has enhanced our ability to communicate with tenants in responding to events such as severe weather, increased our business continuity resilience;
- Completing an external strategic review of our care business, **with a more clearly defined future vision for care**;
- **Continued improvement of our repairs service**, introducing new ways of working such as dedicated trade teams and enhanced performance reporting in the West, new technology (Servitor) and a more streamlined process for stock management in the East and greater in-house capacity in the South;
- **Significantly expanding the level of real-time customer feedback** through our My Voice and Localz platforms to provide instant customer satisfaction ratings within the CFC, NETs and Allocations and repairs. These tools have enabled the collection of over 40,000 feedback responses during 2023/24 which are now regularly reviewed by frontline teams and managers to drive continuous improvement in service delivery; and
- Continued to lead the way nationally in alleviating homelessness, exceeding our target by **providing homes to 2400+ homeless.**

Strategy session feedback

4.2 At the strategy session in June, the Board considered two key themes 1) *New build, investment and neighbourhoods, and 2) Borrowing strategy for our RSLs*. This was due to the context of the national political and policy context as well as the wider economic landscape. The key insights and priorities from the subsidiary strategy workshops were fed into and informed the Board's considerations throughout the strategy session. The Board also provided early feedback on our purpose, vision and values which will be incorporated into the wider strategy development process set out later in the report.

*New build, investment and neighbourhoods*

4.3 The Board recognised that our plans within this theme are a key driver of overall customer satisfaction, one of the key strategic measures for all our RSLs within our Group strategy. It discussed three key priorities: how our new build programme and business plan reflect the grant funding environment; the financial framework which creates capacity for investment in existing homes; and a refreshed service model for neighbourhoods. This was within the context of the Board having also agreed a Group Asset strategy.

4.4 The discussions centred on key principles, such as how we fund investment and new build, as well as well as detailed financial modelling of different approaches and the implications for our business planning assumptions. As such, they related more directly to how we create the conditions to support the delivery of our existing strategy aims, such as delivering new supply and investing in tenants' homes, rather than things in our existing strategy which would need to change.

4.5 We have not therefore required any material changes to our existing strategy, but an updated 'Making the most of our homes and asset' strategic theme seeks to reflect where, such as through the Group Asset Strategy, we have more clearly defined strategic drivers and objectives.

*Borrowing strategy for our RSLs*

4.6 The Board, supported by our independent treasury advisors, considered our future borrowing strategy. This included areas such as how we source our borrowing, the sequencing of future fundraising and our financial framework.

4.7 The Board agreed that we take a number of steps following the discussion, however as with new build, investment and neighbourhoods this relates more to enabling our strategic aims than necessitating a change to our existing strategy. We have made a number of minor amendments to reflect the Board's feedback on the 'Enabling our ambitions' theme of the existing strategy.

4.8 As part of this we considered the parameters of our financial framework and Golden Rules, reconfirming our principle of only borrowing to develop new homes. The recently agreed change to our interest cover covenant removes the deduction of capital investment in existing homes from its calculation which while providing more flexibility in our capital investment programme planning removes the "built-in" restriction the previous covenant provided on borrowing for day to day expenditure and investment in existing homes. To ensure that we continue to only borrow for new build development we agreed to introduce a new Golden Rule which measures trading cashflow.

4.9 This Golden Rule ensures that cash generated from rent and other income streams is sufficient to cover all expenditure including capital investment in existing homes and interest costs. We agreed a Golden Rule for trading cashflow to be 110% of interest costs to provide a degree of headroom within our financial planning with the Golden Rule being monitored quarterly on a full year financial out-turn basis.

Strategy updates

4.10 It was agreed that the refresh of the strategy should reflect the workshop whilst also capture the issues discussed and decisions made by the Board throughout the year. The strategy has therefore been updated to reflect:

- the 2024/25 Group Delivery Plan;
- the updated business plan, development programme assumptions and investment plan; and
- changes to our financial Golden Rules agreed at the strategy session

4.11 Earlier in the year, the Board discussed the importance of our contribution to alleviating homelessness, including through the provision of homes for homeless households. The Board agreed that, whilst being mindful of maintaining balanced, sustainable communities we should increase our target by 10% to 11,000 by 2026. This is reflected in the updated strategy.

4.12 Other key updates include the following:

- Refining the language of our digital approach to reflect our focus on channel choice, rather than channel shift and our priority being data and organisational data maturity as a driver of change rather than the 'domains of digital maturity';
- Reflecting the anticipated Social Housing Net Zero standard;
- Changes in the national policy context and their implications for our carbon footprint, specifically fleet enabling the delivery of a carbon neutral corporate footprint; and
- Reflecting broad agreement from RSL Boards that the development of Community Academies and My Savings are not high priorities that require to be expressed in the strategy.

4.13 We have also, based on the Board's feedback for our future strategy, taken the opportunity to update the existing version to make the language more succinct and grounded.

4.14 A tracked change version of the Group strategy incorporating all the proposed updates is attached at Appendix 1.

Pathway to our 2026-2031 Group strategy

4.15 At the strategy session the Board discussed the overarching approach to developing our next Group strategy and an indicative timescale for doing so. The Board agreed that staff and customer engagement should be a strong feature in the development of our next strategy. A summary timetable of the proposed development phases and timing is set out in the table below, with further detail of each phase set out in more detail thereafter.

| Strategy development phase | Timing |
|---|---|
| Staff engagement phase 1 - key priorities | January-February 25 |
| Customer engagement phase 1 - key priorities | March-April 25 |
| Board strategy workshops | May-June 25 |
| Staff and customer engagement phase 2 | July-September 25 |
| Board review of draft strategies | November-December 25 |
| Board approval of new strategies | January-March 2026 |
| Strategy launches | April 2026 onwards |

*Staff engagement*

4.16 We have commenced initial planning for a staff communication and engagement programme. The central element of this will be staff participation in '*Shaping our Future*' sessions seeking their feedback and views on what priorities should be reflected in our 2026-2031 strategy.

4.17 These will be primarily mixed sessions with staff from across subsidiaries to support wider staff engagement and encourage attendees to think beyond functional roles. The sessions will take place between late January and February.

4.18 We will be providing staff with very regular updates through our established communications channels on the sessions during this period. This will, for example, include video testimonies of those who attended, CEO updates and team briefings. We will also provide a final summary of the feedback and how staff will continue to be updated as the strategy is further developed and ultimately agreed by the Board.

*Customer engagement – phase 1*

4.19 The Board agreed that our commitment to customer engagement and customers shaping our priorities should be incorporated into the development of our strategy. It is proposed that customer engagement will, for RSLs, draw on our Customer Voices. We will also identify customers from Lowther letting and factoring as well as Wheatley Care to cover the wider Group.

4.20 To provide support and expertise to this element of the strategy development it is intended that the first phase of customer engagement will follow the well-established approach for rent setting. We will engage an independent research firm to facilitate discussions with at least 250 customers and synthesise the discussions into a customer view of what our key priorities should be.

*Board strategy workshops*

4.21 Our Boards across the Group will have their strategy workshops over May and June 2025. Each Board will be updated on the relevant themes and priorities identified during staff and customer engagement and proposals on how they are reflected in the future strategy.

4.22 Each Board will consider the development of its strategy, any additional priorities it wants to be reflected and what it considers this Board needs to reflect in the wider Group strategy. This Board will consider the full range of staff, customer, and subsidiary Board feedback and how this can be reflected in our future Group strategy.

4.23 A key outcome of each of the workshops will be for Boards to agree an outline structure of the future strategy, including key strategic themes, overarching outcomes and priorities within each theme and any high-level strategic measures.

*Staff and customer engagement – phase 2*

4.24 We will take the key elements agreed by Boards at the strategy workshops and undertake a second phase of engagement with staff and customers. The approach will, however, be adapted to recognise that the strategy will be taking shape.

4.25 For staff, we will create a strategy microsite within our staff intranet to seek feedback as well as have discussions with staff at subsidiary and team level as part of our ongoing engagement. The focus will be on soliciting feedback on the Board agreed key strategic themes, overarching outcomes and priorities as well as beginning to shift the conversation to how they envisage their own role in delivering them.

4.26 For customers we would seek feedback through a digital survey and potentially some targeted focus groups. The intention is that around 1000 customers will have contributed to the development of the Group strategy the Board will be asked to approve.

*Board review of draft strategies*

4.27 It is intended that this Board will be asked to consider a draft group strategy at its November meeting in 2025, with subsidiary Boards considering their individual strategies at their next scheduled meeting thereafter. The drafts will reflect the second phase of staff and customer engagement. The final versions will thereafter be agreed in early 2026 with the new strategies taking effect from April 2026.

## 5. Customer Engagement

5.1 Customer engagement will be a core element of the development of our 2026-2031 family of strategies. The proposed approach is noted above.

## 6. Environmental and sustainability implications

6.1 There are no direct environmental or sustainability implications associated with this report.

## 7. Digital transformation alignment

7.1 There are no direct digital transformation implications associated with this report.

## 8. Financial and value for money implications

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

## 9. Legal, regulatory, and charitable implications

9.1 The Scottish Housing Regulator ("SHR") Regulatory Standards of Governance sets out a number of requirements which are relevant for the development of our strategy, including that every RSL:

- *"governing body sets the RSL's strategic direction";*
- *"tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans"; and*
- *"actively seeks out the needs, priorities, views, concerns and aspirations of tenants"*

9.2 The proposed approach would support us in being able to clearly demonstrate our compliance with these requirements.

## 10. Risk Appetite and assessment

10.1 As part of the strategy development process we will consider how the strategy both reflects our existing risks and our future risk appetite in relation to how it is delivered.

## 11. Equalities implications

11.1 As part of our customer engagement and the development of our strategy we will take into account the key principles in our Equity, Diversity and Inclusion and human rights policy and associated action plan. In particular, we will seek to ensure our engagement represents a diverse range of customer voices and perspectives.

## 12. Key issues and conclusions

12.1 We want our next strategy to reflect the priorities and aspirations of our customers and staff. The proposed approach for developing our strategy will allow us to have a clear understanding of both when Board workshops consider their next strategies.

12.2 When combined with consideration of local and national policy contexts, our financial framework and current organisational performance it will support us in developing a strategy which is grounded in our operating context, something that our customers and staff can connect with and will see us be an ever stronger organisation by 2031.

## 13. Recommendations

13.1 The Board is asked to:

1) Consider and approve the proposed updates to the Group strategy; and
2) Provide feedback on and agree the proposed approach to developing our 2026-2031 family of strategies.

LIST OF APPENDICES:

Appendix 1 – [redacted]

# Report

**To:** **Wheatley Housing Group Board**

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

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

**Subject:** **Performance report**

**Date of Meeting:** **13 November 2024**

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## 1. Purpose

1.1 The purpose of this report is to provide an update on:

- Sector comparisons for Annual Return on the Charter (“ARC”) indicators following the publication of 2023/24 sector-wide data by the Scottish Housing Regulator (“SHR”);
- Performance against targets and strategic projects for 2024/25 to the end of quarter two; and
- Seeks approval for updated milestones for the 2024/25 Delivering personalised services strategic projects.

## 2. Authorising and strategic context

2.1 The Board agreed on an updated programme of strategic projects and performance measures and targets for 2024/25 at its meeting in April 2024. Under the Group Standing Orders the Board also has an ongoing role in monitoring the performance of subsidiaries across the Group against the agreed measures. It is also responsible for overseeing the delivery of board-level strategic projects.

## 3. Background

3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“SHR”) as part of the Annual Return on the Charter 2024/25.

## 4. Discussion

### Charter 2023/24 Sector Comparison

4.1 The SHR published the national report including Scottish averages for 2023/24 in late August 2024. The comparison with our performance provides a very positive picture of 2023/24 performance for our Group RSLs, with 88% (95) of the total number of tenant-related indicators considered (108) across our 4 RSLs better than the Scottish average. This includes all tenant satisfaction figures sourced from our independent satisfaction surveys undertaken by Research Resource during 2023/24.

4.2 The position by RSL across the Charter performance indicators considered is summarised as follows:

**Table 1**

| | Number of ARC indicators above Scottish average | % above Scottish average |
|---|---|---|
| WHE | 22 | 81% |
| WHG | 24 | 89% |
| WHS | 24 | 89% |
| Loretto | 25 | 93% |
| **Group** | **95** | **88%** |

4.3 Several of these Scottish average 2023/24 comparisons are referenced through this paper for the relevant Charter indicators, alongside an update to quarter two.

4.4 The following sections present a summary of key measures and strategic projects. Strategic and Other key measures can be found in Appendix 2 and 3 respectively, and strategic projects are found in Appendix 4. ARC and SPSO complaints can be found in Appendix 5.

## Delivering Exceptional Customer Experience

Customer First Centre

4.5 Year-to-date results as of the end of quarter two for our core CFC measures are presented in Table 1:

**Table 2**

| Measure | 2024/25 Value YTD (unless stated) | Target | Status |
|---|---|---|---|
| Group - CSAT score (customer satisfaction) | 4.4 (rolling year) | 4.5 | |
| Group - Call abandonment rate | 5.60% | 5% | |
| Group - Call abandonment rate - those waited over 30secs and abandoned | 4.09% | 4% | |
| Group - % of contacts to CFC resolved within CFC | 88.88% | 93% | |

4.6 Customer satisfaction with the CFC (known as "CFC CSAT") remains the key measure. Our overall CFC CSAT score for the rolling 12-month period was 4.4 at the end of quarter two, an improvement on the 4.3 at the end of quarter 1. During quarter two, the CSAT score improved month on month, with an average of 4.4 in the quarter. Overall, customers tell us that they value the service they receive and consistently report that colleagues are friendly, helpful and polite.

4.7 Since September all subsidiaries now have a geographical team approach, established to better respond to demand and ensure that customers speak to a CFC advisor who is upskilled to support them and, wherever possible, to resolve the enquiry.

4.8 The call abandonment rate in quarter two, at 5.6%, was similar to quarter one which was 5.52%. The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, better represents the aspect of the service that may be in the CFC's control. This improved to 4.09%, marginally over the 4% target.

4.9 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 89% at the end of quarter two and exceeded 90% during August and September.

Complaints

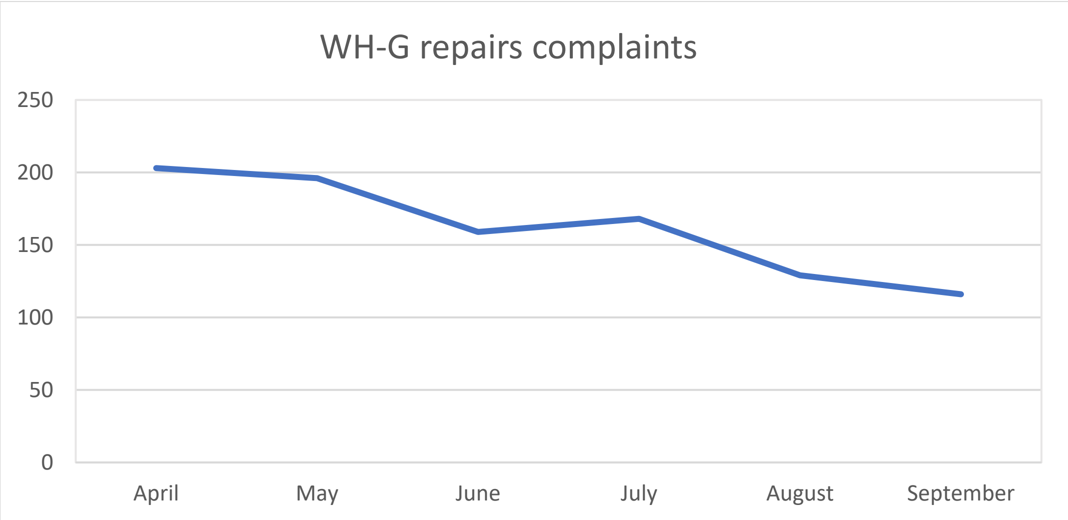
4.10 We continue to be very responsive to complaints, achieving below our Stage 1 strategic target of a response time of five days or less across all subsidiaries as set out in the table below:

**Table 3**

| **Charter - average time for a full response to complaints (working days)** ***Stage 1 - 5-day , Stage 2 – 20-day target*** | | | | |
|---|---|---|---|---|
| **Subsidiary** | **2023/24** | | **2024/25 – YTD** | |
| | **Stage 1** | **Stage 2** | **Stage 1** | **Stage 2** |
| WHS | 3.48 | 12.60 | 3.53 | 12.28 |
| WHE | 3.79 | 16.70 | 4.11 | 15.54 |
| WHG | 3.98 | 16.47 | 3.62 | 14.34 |
| Loretto | 3.48 | 15.17 | 3.62 | 15.90 |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

4.11 Within WH-G we are now seeing a downward trend in the number of complaints received in relation to repairs as set out in the chart below.

**Chart 1**




4.12 The downward trend indicates that the service improvements and introduction of new ways of working from April this year, which were influenced by lessons learned from repair complaints in areas such as communication, the time added by inspection for less complex jobs, and right first time, are having a positive impact. It should be noted that the chart includes all complaints received and that on average 55% of them are upheld under our policy.

4.13 Each Board will consider how we are taking the insight from its complaints and translating this into lessons learned and practical improvements at their next meeting. A Group-wide summary will thereafter be provided to this Board at its next meeting. We are also continuing improvement activities which will apply across the Group, including:

- Reviewing our staff support, guidance and training, taking into account feedback from customer focus groups which highlighted communication and delivering commitments as a key priority;
- Increasing the level of quality assurance of both written responses and CFC calls;
- Updating our data classification of repairs to allow better analysis of the root cause of the complaint; and

4.14 Increasing the frequency and profile of complaints reporting within operational performance meetings as well as senior staff meetings (eg Executive Team)

Tenancy Sustainment

4.15 Tenancy sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, improvement in this measure reduces lost rent and resources required for re-letting.

4.16 We continue to support our new customers to sustain their tenancies and to deliver strong performance in the Charter measure and our revised indicator (excluding deaths and transfers to other homes in the wider Group).

4.17 Current performance has improved from Quarter 1 with the Group Charter result now 92.35% and the revised measure at 94.28%. WHS achieved target for the Charter indicator for the first time since joining the Group in 2019. As a Group we are outperforming the Scottish ARC average of 91.2% for 2023/24.

**Table 4**

| Tenancy Sustainment | Charter – All lets | 2024/25 Target - Charter | | Charter – Homeless Lets | | Revised | 2024/25 Target - Revised | |
|---|---|---|---|---|---|---|---|---|
| WHE | 92.91% | 90% | | 93.53% | | 95.13% | 91% | |
| WHS | 90.29% | 90% | | 88.55% | | 92.99% | 91% | |
| WHG | 92.68% | 90% | | 92.87% | | 94.52% | 91% | |
| Loretto | 93.70% | 90% | | 93.46% | | 93.55% | 91% | |
| **Group** | **92.35%** | **90%** | | **92.29%** | | **94.28%** | **91%** | |

Allocations CSAT

4.18 Our Allocations MyVoice survey, which commenced on 1 August 2023, measures our customers' satisfaction with the process of getting their new home. Satisfaction for the Group in the rolling year continues at 4.4, with WHE, WHS, Loretto and Lowther Letting ahead of the 4.5 target.

4.19 Shaped by Wheatley Homes Glasgow ("WH-G) customer feedback, the City Building Glasgow ("CBG") void delivery teams are in the process of being restructured to streamline the delivery of our voids. WH-G has held update sessions in the local hubs with the void trades, ensuring they understand the role they play in the delivery of homes through our re-let and allocations process.

4.20 A full launch of the new structure will take place during November. The void standard, quality of work and standard of cleans will feature heavily in the launch, enhancing the standards for our incoming customers.

**Table 5**

| Allocations CSAT | 2024/25 – Rolling year | 2024/25 Target | |
|---|---|---|---|
| WHE | 4.7 | 4.5 | |
| WHS | 4.6 | 4.5 | |
| WH-G | 4.1 | 4.5 | |
| Loretto | 4.6 | 4.5 | |
| [redacted] | [redacted] | [redacted] | |
| **Group** | 4.4 | 4.5 | |

## Making the Most of Our Homes and Assets

<u>Development Programme</u>

4.21 Our target is to deliver a total of 772 new homes, including 65 market acquisitions, in 2024/25. At the end of quarter two, we have handed over 284 homes, above the target of 276 expected for quarter two.

**Table 6**

| Sites | Handovers (YTD) | Target (YTD) | Difference to 30/9 |
|---|---|---|---|
| WHG | 4 | 40 | -36 |
| Cleddans Grove (SR acquisitions) | 4 | 0 | +4 |
| Calton Village Ph 1 (Social) | 0 | 40 | -40 |
| WHE | 175 | 131 | +44 |
| Rowanbank (Social) | 33 | 33 | 0 |
| West Craigs (Ph 1) (Plot 4) (Social) | 41 | 41 | 0 |
| Blindwells Plot 11 (Social) | 23 | 0 | +23 |
| Doctors Field | 25 | 0 | +25 |
| South Fort Street (Social) | 11 | 0 | +11 |
| South Fort Street (Mid-Market Rent 'MMR') | 14 | 14 | 0 |
| Deans South - Phase 1B (Social) | 17 | 0 | +17 |
| West Craigs Ph3 (Plot 13) - Social | 0 | 35 | -35 |
| West Craigs Ph2 (Plot 5) (MMR) | 11 | 0 | +11 |
| West Craigs Ph3 (Plot 13) (MMR) | 0 | 8 | -8 |
| WHS | 101 | 101 | 0 |
| Curries Yard (Social) | 54 | 54 | 0 |
| Ewart Place (Social) | 47 | 47 | 0 |
| [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] |
| **Group** | **284** | **276** | **+8** |

<u>Rate It – repairs appointments</u>

4.22 To the end of quarter two, the Rate it scores for appointments were as follows:

- West is 4.5/5 from 12,110 ratings – 19.04% feedback rate;
- East is 4.3/5 from 1,224 ratings - 17.21% feedback rate; and
- South is 4.7/5 from 3,330 ratings - 17.03% feedback rate.

4.23 Local teams have full access to overall scores from Rate It as well as the breakdown by trade/operative/work type to ensure feedback is used to continually review and improve performance.

Volume of Emergency Repairs

4.24 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. The target for 2024/25 is a reduction of 3.5%.

4.25 At the end of quarter one, less repairs than last year have been completed and the variance of -0.41% is behind target. WHS is the only RSL meeting target.

4.26 Emergency repairs volumes are a consequence of customer reports and are affected by external factors such as weather conditions. We will continue to review the raising of emergencies locally with the CFC teams to ensure that repairs being raised are appropriately diagnosed as emergencies.

**Table 7**

| Completed emergency repairs | YTD 23/24 | YTD 24/25 | Variance | |
|---|---|---|---|---|
| WHE | 3,842 | 4,130 | 7.50% | |
| WHS | 6,002 | 5,533 | -7.81% | |
| WH-G | 31,417 | 31,227 | -0.60% | |
| Loretto | 1,776 | 1,970 | 10.92% | |
| **Group** | **43,037** | **42,860** | **-0.41%** | |

Repairs Timescales and Right First Time

4.27 Our Group RSL average time taken for emergency repairs was 2.78 hours at the end of quarter two, within the 3-hour target. This is a slight improvement on 2.88 hours in 2023/24 and is better than the Scottish ARC average of 4 hours.

4.28 The average time to complete non-emergency repairs for our Group RSLs and [redacted] to the end of quarter two is set out below.

**Table 8**

| Repairs completion timescales (Charter) | Emergency (hours) | | | Non-emergency (days) | | |
|---|---|---|---|---|---|---|
| | Target | Value | | Target | Value | |
| WHE | 3.00 | 3.29 | | 7.5 | 9.33 | |
| WHS | 3.00 | 2.57 | | 7.5 | 7.41 | |
| WHG | 3.00 | 2.74 | | 7.5 | 8.19 | |
| Loretto | 3.00 | 2.89 | | 7.5 | 9.11 | |
| **Group RSLs** | 3.00 | 2.78 | | 7.5 | 8.31 | |
| [redacted] | [redacted] | [redacted] | | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | | [redacted] | [redacted] | |

4.29 At the end of quarter two, Group RSLs had an average of 8.31 days to complete non-emergency repairs, an improvement on 9.14 days last quarter. WHS are now in target at 7.41 days and WH-G achieved 7.5 days or less each month of quarter two (July to September) and are now within 10% of target at 8.19 days year-to-date. The WH-G the improvement in performance over the quarter has been alongside the positive customer satisfaction indicators of reducing numbers of complaints and high ‘rate it’ levels (equivalent of 90%) set out earlier in the report.

4.30 Right first-time performance to the end of quarter two is currently meeting the 90% target at 90.33%, an improvement on 88.84% last quarter.

Responsive repairs: Damp and mould

4.31 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC raises every job related to damp, mould, condensation or rot as a mould inspection line.

4.32 We have attended 74.23% of mould inspections within 2 working days up to the end of quarter two. We are now able to report that in the West, over half (52%) of inspections that took more than two days related to customer choice of the appointment time. The table below details the year-to-date inspections with the categorisation. Remedial work for the severe cases has been completed.

**Table 9**

| Inspections completed | Category | | | |
|---|---|---|---|---|
| | No Mould | 3 (mild) | 2 (moderate) | 1 (severe) |
| 5,738 | 1,046 | 4,493 | 192 | 7 |

4.33 Up to the end of quarter two, 76.5% of remedial mould repairs were completed within 15 working days. In future, as with inspections, we will report what proportion of those outwith 15 working days related to customer requests. In September, the average time was only 8.03 days to complete these repairs.

4.34 We have continued to strengthen our internal processes and capability in relation to responding to and resolving occurrences of damp and mould. We recently undertook a comprehensive review of how our process is operating based on a sample of 100 cases. The review confirmed that the core elements of the process, such as inspections, categorisation, taking photographs and remedial repairs are operating as designed.

4.35 We have strengthened the technical skills of staff, including within CBG, through specialist training. A total of 75 staff have undertaken City and Guilds accredited training to improve their ability to diagnose and develop solutions for damp and mould. We are also exploring training which would be specifically tailored to the CFC which would, also include a diagnostic questioning set which will allow better diagnosis of the issue when it is first reported.

4.36 In addition to this we are developing the sophistication of how we approach remedial work. This includes the development data driven diagnosis based on archetype, standard remediation by archetype, and detailed analysis of case data to better match the work required with the skillset of the tradesperson.

4.37 We are also taking several actions to support our response to damp and mould reports over the winter months, including:

- Contacting customers who have reported issues with damp and mould on two or more occasions this year to identify and put in place any individual support that is needed to mitigate reoccurrence;
- Running our ‘See it, Report It’ campaign to the frontline delivery teams, reiterating our messaging around the seriousness of damp and mould in tenants' homes and their responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously; and
- Increasing the level of resources within our My Repairs team for follow-ups with customers to ensure issues have been resolved to their satisfaction.

Medical Adaptations

4.38 Time to complete medical adaptations remains well within the 25-day target year-to-date, with the average days to complete at 20.35. We have completed 1,061 adaptations and there are 115 households currently waiting.

**Table 10**

| Medical Adaptations (Charter) | Current Households Waiting | Number Completed YTD | Average Days to Complete YTD | Target |
|---|---|---|---|---|
| WHE | 8 | 59 | 18.73 | 25 |
| WHS | 20 | 210 | 35.73 | 25 |
| WHG | 83 | 745 | 16.10 | 25 |
| Loretto | 4 | 47 | 21.09 | 25 |
| **Group** | **115** | **1,061** | **20.35** | 25 |

Gas Safety

4.39 We continue to be 100% compliant for gas safety, with no expired gas certificates.

Compliance

4.40 All of our relevant properties are compliant with Legionella assessment requirements. We carried out safety inspections on all passenger lifts and all but one domestic lift in Glasgow where access to the customer's house is required. Arrangements are being made by housing staff for access following previous customer refusal.

4.41 At the end of quarter two, we have reduced to 61 the number of properties without a valid EICR. In addition, we are making excellent progress with the inspection of electrical installation certificates due to expire before the end of the 2024/25.

Health and Safety

4.42 We have had six RIDDOR incidents this year. Across the Group, 209 days have been lost during 2024/25 due to work-related accidents.

4.43 There have been no Health and Safety Executive or Local Authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.

Workplace Fires

4.44 We have not had any workplace fires in 2024/25.

## Changing Lives and Communities

[redacted]

[redacted]

[redacted]

Peaceful Neighbourhoods

4.47 Since 2021 we have had in place a strategic measure on the number of tenancies categorised as Peaceful. This is based on the Police Scotland Safe, Calm and Peaceful methodology and the definitions are as follows:

- **Peaceful** – datazones assessed to be minimal to low priority with a recommendation of regular service delivery;
- **Calm** – datazones assessed as moderate to high priority and carry a recommendation of regular service delivery or monitoring; and
- **Safe** – datazones assessed to be very high to extremely high priority with a recommendation for a prioritisation for enforcement measures.

4.48 The Safe, Calm and Peaceful ratings are calculated by Police Scotland using the Police Scotland Business Intelligence Toolkit (BIT). This tool considers each SIMD datazone, the SIMD deprivation score for the datazone and public reported incidents of ASB which occurred within or near to Wheatley RSL properties (within 25 meters) within the datazone.

4.49 The SIMD score is only updated every three or four years and was last updated in 2020. As such, it generally remains static each period and the only variable element is the monthly reports of ASB incidents to Police Scotland.

4.50 Our strategic measure is for over 80% of our customers to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter two, the percentage of tenancies categorised as Peaceful decreased slightly from 76.92% in quarter one to 75.87%. We are, however, still performing better than this year's target of 75%. It should be noted that we also monitor our own repeat ASB cases measure, reported later in this section, which is improving.

Anti-Social Behaviour ("ASB") Resolved

4.51 By the end of quarter two, the resolution rate for our ASB cases was 90.37% at Group level, similar to the result at the end of quarter one (90.19%). The RSL level is set out in the table below:

**Table 11**

| ASB Resolution Rate | YTD | 2024/25 Target | |
|---|---|---|---|
| WHE | 91.43% | 100% | |
| WHS | 96.86% | 100% | |
| WHG | 88.13% | 100% | |
| Loretto | 98.22% | 100% | |
| **Group** | **90.37%** | **100%** | |

4.52 We continue to have a strong focus on ensuring high visibility of unresolved cases to help support oversight and improvement.



Classified as public

Repeat Anti-Social Behaviour cases – number of repeat addresses

4.53 We have a target outlined within our ASB Framework to reduce the number of repeat complaints of ASB at our properties by 20% by 2026. This was a key driver for developing our prevention and solutions approach to ASB.

4.54 The purpose of the approach is to focus on tackling the root cause of ASB, finding long term solutions to the issues arising and focusing on and addressing more complex ASB cases and those causing the most disruption in our communities.

4.55 At quarter two, ASB was recorded at 498 repeat addresses across the group, an 11% decrease compared to the baseline performance of September 2022 (559 repeat addresses). Performance between quarter one and two in this measure has improved with cases now lower than the 2022 baseline level and getting closer to the 15% reduction target. Less than 0.8% of our properties have issues with repeat incidences of ASB.

4.56 It should be noted that WH-G and WHS have recorded decreases in the number of repeat cases compared to the same point last year and that the number in Loretto and WHE, albeit having increased, are low.

4.57 The CIP team meet monthly to discuss Prevention and Solutions activity as well as conduct analysis and make observations to facilitate further discussion around targeted activity. This helps to identify areas of concern around increased and/or persistent offending, allowing for a more proactive approach.

Accidental Dwelling Fires

4.58 We have had 47 accidental dwelling fires to the end of quarter two as follows:

**Table 12**

| Number of recorded accidental dwelling fires | 2024/25 YTD | 2023/24 full year |
|---|---|---|
| WHE | 12 | 9 |
| WHS | 6 | 12 |
| WHG | 26 | 98 |
| Loretto | 3 | 1 |
| **Group** | **47** | **120** |

4.59 This contributes towards our Strategic result to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 215 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24.

4.60 Our strategy measure aims to ensure that 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

**Table 13**

| Fire Risk Assessments | 2024/25 YTD | 2023/24 |
|---|---|---|
| The percentage of relevant premises - HMOs that have a current fire risk assessment in place | 100% | 100% |

## Reducing Homelessness

4.61 Our contribution to reducing homelessness remains significant across the sector and in terms of both numbers and the proportion of lets. The SHR's published ARC results for 2023/24 show that 137 RSLs made 10,141 lets to homeless applicants last year. Our 4 RSLs provided 24% (2,406) of these, and demonstrates our continued effort and significant contribution to reducing homelessness across Scotland

4.62 We have provided a further 1,423 homes to homeless households to the end of quarter two. Our percentage of relevant lets made to homeless applicants for this year-to-date is 60.93% (relevant lets exclude mutual exchanges, transfers and LivingWell lets for which we are limited to let to homeless applicants).

4.63 The number of homeless lets made by each of our RSLs is provided below.

**Table 14**

| Reducing Homelessness | 2024/25 Number of lets to homeless applicants (ARC) - YTD | 2023/24 Number of lets to homeless applicants (ARC) – full year |
|---|---|---|
| WHE | 169 | 274 |
| WHS | 270 | 393 |
| WHG | 937 | 1,640 |
| Loretto | 47 | 99 |
| **Group** | **1,423** | **2,406** |

4.64 The Board recently agreed to increase the 5-year strategy measure of 10,000 lets to homeless households by 1,000 to a total of 11,000. For the first 3.5 years of the strategy, we have made a total of 8,491 lets to homeless applicants.

## Neighbourhood environmental customer satisfaction (Ad-hoc)

4.65 A MyVoice survey commenced in October 2023 to measure our customers' satisfaction with an ad-hoc service they requested, such as bulk uplift, tree work or weeding from our Neighbourhood Environmental Teams ("NETs"). The customer satisfaction score has remained at 3.9 against the 4.3 target.

4.66 We are in the process of exploring and agreeing the future NETs survey question set to focus on core services such as close cleaning. This will be informed by the Group Scrutiny Panel's thematic review of neighbourhood management.

**Table 15**

| NETs CSAT (Ad-hoc) | 2024/25 – Rolling year | 2024/25 Target | |
|---|---|---|---|
| WHE | 4.1 | 4.3 | |
| WHS | 4.6 | 4.3 | |
| WHG | 4.1 | 4.3 | |
| Loretto | 3.8 | 4.3 | |
| [redacted] | [redacted] | [redacted] | |
| **Group** | **3.9** | **4.3** | |

Jobs and Opportunities

4.67 To the end of quarter two, our Wheatley Works staff have supported 442 jobs, training and apprenticeship opportunities within our households and communities. Opportunities have included:

- IT and Cyber security training and Web design training delivered by Generation UK;
- Environmental Roots;
- Construction Placements with McTaggart's Construction; and
- A variety of opportunities in the hospitality and service sector.

4.68 The jobs and training result for both WHS and [redacted] are currently below target. Specific work in these subsidiaries is underway and a summary of this can be found below:

**WHS** The Wheatley Works team is working closely with Dumfries & Galloway Council, as well as engaging in wider employability networks including Dumfries & Galloway College and Third Sector Organisations, to develop a joined-up approach for employability provision. Dumfries & Galloway Council will release Employability tender information during quarter three, and the team will explore all potential contract opportunities from this.

[redacted]

4.69 So far, this financial year, 1,690 children within our households and communities have been supported through Foundation programmes. This has included:

- Young people attending youth access sessions delivered as part of the John Wheatley Learning Network, where young people can improve their digital skills in areas such as coding, website creating and STEM;
- Children receiving free monthly books from the Imagination Library; and
- Children's food packs delivered through the Fed Up Cafe in Stranraer.

4.70 Over 3,800 people from our homes and communities accessed support to alleviate the impacts of poverty so far this financial year. This includes:

- Support through Welfare Benefits Advice, Starter Packs and our My Great Start service, which was relaunched in January 2024, providing personalised tenancy sustainment support to new tenants; and
- Customer receiving a refurbished laptop from our new 'Techshare' project – repurposing staff laptops instead of sending them to landfill.

**Table 16**

| Indicator | Target (YTD) | Current Performance (YTD) | | 2023/24 |
|---|---|---|---|---|
| Group - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities | 700 | 1691 | | 2257 |
| Group - Total number of jobs, training places or apprenticeships created for customers and communities | 400 | 442 | | 988 |
| Group - Number of people accessing services which help alleviate poverty in Wheatley Communities | 3550 | 5688 | | 11,555 |

4.71 By the end of quarter two, almost 68% of planned jobs, training places or apprenticeships have been secured by customers across the Group, an increase from 51% last quarter. Delivery and support for customers remains on track against the full-year forecast for this measure.

## Developing our Shared Capability

Sickness Absence

4.72 As reported last quarter, the Employee Relations ("ER") Team reviewed how sickness absence data is reported and presented. [redacted] Year-to-date to the end of quarter two, our Group sickness rate excluding Care, NETs or repairs was 3.27%, a decrease from 3.46% at the end of last quarter and approaching the strategic target.

**Table 17**

| Sickness Rate | Target | 2024/25 YTD | |
|---|---|---|---|
| Group - % Sickness rate [redacted] | 3% | 3.27% | |

4.73 It is important to understand that this measure contains staff from our CFC. While the sickness rate of the CFC is below their 5% target, year-to-date the rate is 4.46% and thus above the 3% target for the combined measure. Given the large number of staff working here, the CFC result has a modest influence on the combined measure.

4.74 [redacted] NETs and repairs staff absence is also provided in the appendix for completeness, against a 5% target. Key points include:

- [redacted]

- There was a small increase in the sickness rates of the NETs team from 5.24% in quarter one to 5.63% in quarter two. Raising the visibility of wellbeing services and inclusion support to our NETs teams was a particular focus in quarter two. This took place via recently established surgeries, created in response to direct feedback from our NETs colleagues. These drop-in sessions ran across several NETs depots with support on themes such as mental health, alcohol and gambling, as well as raising the visibility of, and the opportunity to use, our existing services and benefits.

## Enabling our Ambitions

Gross Rent Arrears (GRA)

4.75 Group RSL GRA at the end of quarter two is 5.75%, in line with the projected result for this time of the year. The SHR Scottish average for 2023/24 was 6.7%, which we continue to outperform.

4.76 The following chart shows we expect to improve in quarter three. Early results in quarter three are encouraging, with WH-G A and WHS Period 8 (which ended on the 20 October) both showing improvement to 6.19% and 4.48% respectively.

**Chart**

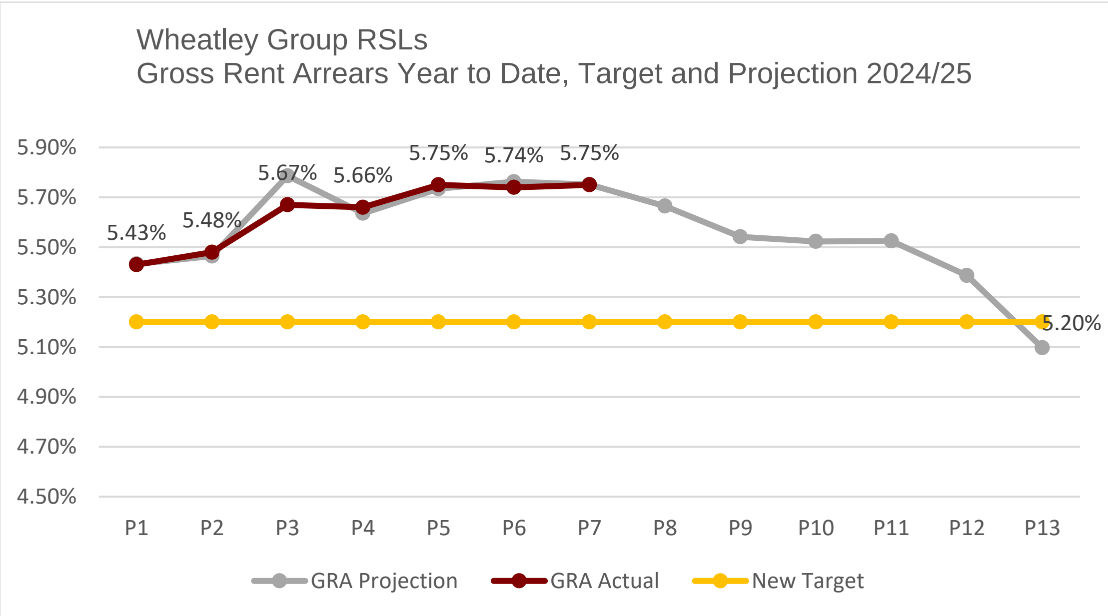



**Table 18**

| Gross Rent Arrears | Sep/P7 | | 2024/25 target | 2023/24 Result |
|---|---|---|---|---|
| WHE | 4.99% | | 4.52% | 4.61% |
| WHS | 4.56% | | 4.25% | 4.33% |
| WHG | 6.28% | | 5.50% | 5.86% |
| Loretto | 3.95% | | 3.60% | 3.67% |
| **Group RSLs** | **5.75%** | | **5.20%** | **5.37%** |

4.77 Each Managing Director and Locality Housing Director continue to regularly focus their team on rent performance, discussing the Rent Action Plan and their performance. Our annual Rent Campaign has commenced and will only heighten this attention.

4.78 This year's message is "Pay your rent. It keeps the roof over your head". Over 10 weeks, the campaign focuses on ways we can support customers, including Universal Credit, employability, Welfare Benefits and paying by Direct Debit.

4.79 As well as visits and phone calls, we also write to customers with arrears to encourage them to get in touch if they are struggling. This is supported by a social media campaign to remind customers of the importance of paying their rent, while highlighting the ways we can help make their money go further.

[redacted]

[redacted]

[redacted]

[redacted]

4.81 [redacted]

[redacted]

Average Days to Re-Let (Charter and revised)

4.83 Our average time to re-let at the end of quarter two is 16.59 days, an improvement from 17 days reported at the end of quarter one.

4.84 The Scottish average increased to 56.7 days in 2023/24 from 55.6 days in 2022/23, indicating that the sector continues to face letting issues when compared to the 31.5-day average in 2019/20.

4.85 WHS and Loretto both continue better than target with both WHE and WHG improving in the second quarter.

**Table 19**

| Average days to re-let (Charter) | 2024/25 YTD | 2024/25 Target | 2023/24 Result | Charter revised YTD (no meter amendments) |
|---|---|---|---|---|
| WHE | 16.79 | 16 | 13.93 | 22.57 |
| WHS | 8.49 | 16 | 11.01 | 9.81 |
| WHG | 19.46 | 16 | 15.81 | 34.32 |
| Loretto | 11.35 | 16 | 10.87 | 11.35 |
| **Group RSLs** | 16.59 | **16** | **14.51** | **27.23** |

4.86 Our Charter performance in quarter two continues to take into account days lost to health and safety related meter issues where we consider the property unsafe/unfit to occupy. These amendments include, for example, where a tampered meter means there is no power to the property or where the supply has been cut off and we are awaiting reconnection (which energy companies do not prioritise as they are void), both of which mean we cannot undertake crucial safety checks prior to letting the property.

4.87 The table above now also includes re-letting times with no meter amendments, shown as Charter revised. Our revised result shows the impact that meter issues are having on letting times. We continue to surpass the benchmark including when we include days lost to meter issues.

[redacted]

[redacted]

[redacted]

## Summary of Strategic Project Delivery

4.90 A full update on progress with strategic projects is attached in Appendix 4. The following table summarises the current status of projects.

**Table 20**

| Complete | On track | Slippage | Overdue |
|---|---|---|---|
| 2 | 11 | 2 | 0 |

4.91 Two projects were completed during quarter two:

1. *Customer insight driven services*; and
2. *Review of charging - district heating and heat with rent schemes*.

4.92 The Board discussed the personalised services strategic project at its last meeting. Following this, we have clarified that the focus in the remaining period of our current strategy will be on the following activities:

1) Developing and delivering refreshed training on how staff (including City Building staff) recognise and respond to potential indicators of customer vulnerability (for example, hoarding or suicidal ideation) for relevant staff groups, by 31 March 2026. This will include how to refer to partner organisations such as local authority social work teams; and

2) developing an updated approach to Reasonable Adjustments for customers, by April 2025

4.93 As we develop our new strategy for 2026-31, personalised service delivery will continue to be an important theme. Boards will be fully engaged in the development of the strategy and associated strategic projects.

## 5. Customer engagement

5.1 We have several strategic projects that facilitate opportunities for customer engagement, as do new customer feedback channels such as MyVoice and Book It, Track It, Rate It. This is directly impacting the way we deliver services, the way they can be drawn down by customers and how customers can share their views on these services.

## 6. Environmental and sustainability implications

6.1 Our Group sustainability framework includes a refined sustainability performance framework overseen by the Wheatley Solutions Board.

## 7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2024/25 have been developed and prioritised with IT, digital and data interdependencies a key factor.

## 8. Financial and value for money implications

8.1 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

## 9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an ARC from each RSL. Key indicators within this return are also included in quarterly performance reporting. We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year, which we have.

9.2 The Group Scrutiny Panel considered our draft Report to Tenants and in advance of being published we took on board their feedback to:

- Include that alternative versions/formats and translations into different languages are available upon request; and
- Signpost to support available.

## 10. Risk appetite and assessment

10.1 This report covers performance across each of our strategic themes and as such there is no single agreed risk appetite. Having a strong performance management culture will in particular support our progression from excellence to outstanding for which we have an open risk appetite in relation to operational delivery with a cautious appetite in relation to compliance with law and regulation.

## 11. Equalities implications

11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

## 12. Key issues and conclusions

12.1 We compare very favourably to the sector for our 2023/24 Charter returns. We also have strong performance against our targets at the end of quarter two 2024/25 in several key areas including lets to homeless applicants, tenancy sustainment, emergency repair completion times, medical adaptation completion timescales, jobs and training places created, children and young people benefiting from Foundation programmes and the number of people accessing services to help alleviate poverty. Arrears, average days to re-let, non-emergency repair timescales and sickness absence remain key areas of focus.

## 13. Recommendations

13.1 The Board is asked to:

1) Note the positive sector comparisons for ARC indicators following the publication of 2023/24 sector-wide data by the SHR;
2) Note performance against targets and strategic projects for 2024/25 to the end of quarter two;
3) Approve the proposed updated milestones for the 2024/25 Delivering personalised services strategic projects.

LIST OF APPENDICES:

Appendix 1: Strategic Results Dashboard
Appendix 2: Other Key Measures Dashboard
Appendix 3: Strategic Projects Dashboard
Appendix 4: ARC and SPSO Complaints

**Appendix 1**
**Group Board Strategic Results – Q2 2024/25**

## Delivering Exceptional Customer Experience

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| CFC CSAT (Group) | 4.3 | 4.4 | 4.5 | |
| WHG | 4.3 | 4.4 | 4.5 | |
| Loretto | 4.3 | 4.5 | 4.5 | |
| WHE | 4.2 | 4.2 | 4.5 | |
| WHS | 4.5 | 4.5 | 4.5 | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| % of contacts to CFC resolved within CFC | New | 88.88% | 93% | |
| Call abandonment rate | 5.45% | 5.60% | 5% | |
| Call abandonment rate - those waited over 30secs and abandoned | New | 4.09% | 4% | |
| Allocations CSAT (Group) | 4.4 | 4.4 | 4.5 | |
| WHG | 4.2 | 4.1 | 4.5 | |
| Loretto | 4.7 | 4.6 | 4.5 | |
| WHE | 4.7 | 4.7 | 4.5 | |
| WHS | 4.5 | 4.6 | 4.5 | |
| [redacted] | [redacted] | [redacted] | [redacted] | |

## Making the Most of Our Homes and Assets

| Measure | 2023/24 Value | YTD 2024/25 Value | YTD 2024/25 Target | Status |
|---|---|---|---|---|
| New build completions (total for Group) | 348 | 284 | 276 | |
| WHG - Social Housing | 0 | 0 | 40 | |
| WHG - Social Housing (market acquisitions) | New | 4 | 0 | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| Loretto - Social Housing | 24 | 0 | 0 | |
| WHE - Social Housing | 168 | 109 | 68 | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| WHS - Social Housing | 35 | 101 | 101 | |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| Reduce the volume of emergency repairs by 10% by 2025/26 (Group average) | Apr to Sep 23/24 – 43,037 | 42,860 | -0.41% | |
| WHG | Apr to Sep 23/24 – 31,417 | 31,227 | -0.60% | |
| Loretto | Apr to Sep 23/24 – 1,776 | 1,970 | 10.92% | |
| WHE | Apr to Sep 23/24 – 3,842 | 4,130 | 7.50% | |
| WHS | Apr to Sep 23/24 – 6,002 | 5,533 | -7.81% | |

## Changing Lives and Communities

| Measure | 2023/24 Value | YTD 2024/25 Value | YTD 2024/25 Target | Status |
|---|---|---|---|---|
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average) | 76.16% | 75.87% | 75% | |
| Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs) | 120 | 47 | 195 (Annual upper limit) | |
| WHG | 98 | 26 | Contextual | |
| Loretto | 1 | 3 | Contextual | |
| WHE | 9 | 12 | Contextual | |
| WHS | 12 | 6 | Contextual | |
| 100% of relevant properties have a current fire risk assessment in place (HMOs) (Group) | 100% | 100% | 100% | |
| Percentage of relevant lets to homeless applicants (Group) | 58.64% | 60.93% | Contextual | |
| WHG | 62.00% | 66.62% | Contextual | |
| Loretto | 60.20% | 55.00% | Contextual | |
| WHE | 59.13% | 62,05% | Contextual | |
| WHS | 47.57% | 47.37% | Contextual | |
| Percentage of lets to homeless applicants (Group RSL Charter) | 56.84% | 59.51% | Contextual | |
| WHG | 60.58% | 64.80% | Contextual | |
| Loretto | 62.26% | 57.32% | Contextual | |
| WHE | 50.74% | 57.68% | Contextual | |
| WHS | 47.52% | 47.37% | Contextual | |
| Number of lets to homeless applicants - 10,000 for Group by 2025/26 (Group RSL Charter) | 2,406 | 1,423 | 1,000 | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| WHG | 1,640 | 937 | Contextual | |
| Loretto | 99 | 47 | Contextual | |
| WHE | 274 | 169 | Contextual | |
| WHS | 393 | 270 | Contextual | |
| % planned jobs, training places or apprenticeships created which are secured by our customers (Group) | 72.57% | 68.1% | 60% | |
| Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers (Group) | 45.58% | 70% | 30% | |
| 4,000 jobs, training places or apprenticeships created for customers and communities (Group) | 988 | 442 | 400 | |
| WHG | 533 | 257 | 245 | |
| Loretto | 14 | 16 | 6 | |
| WHS | 117 | 31 | 45 | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| WHE | 220 | 111 | 70 | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| 10,000 of children and young people benefiting from targeted Foundation programmes in Wheatley Communities (Group) | 2,257 | 1,691 | 700 | |
| 20,000 Wheatley customers accessing services which help alleviate poverty (Group) | 11,555 | 5,688 | 3,550 | |
| NETS Ad-hoc CSAT (Group) | 4.0 | 3.9 | 4.3 | |
| WHG | 4.1 | 4.1 | 4.3 | |
| Loretto | 3.7 | 3.8 | 4.3 | |
| WHE | 4.4 | 4.1 | 4.3 | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| WHS | 4.6 | 4.6 | 4.3 | |
| Lowther Letting | 3.9 | 3.7 | 4.3 | |

## Developing our Shared Capability

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| Group - % Sickness rate excluding Care, Repairs and NETs | NEW | 3.27% | 3% | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Group Repairs Staff - % Sickness rate | NEW | 3.94% | 5% | |
| Group NETS - % Sickness rate | NEW | 5.63% | 5% | |
| Group CFC - % Sickness rate | 4.02% | 4.63% | 5.5% | |

## Enabling our Ambitions

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| Reduce gross rent arrears down to 5% by 2026 (Group RSL Charter) | 5.37% | 5.75% | 5.20% | |
| WHG A | 5.86% | 6.33% | Contextual | |
| WHG B | 5.84% | 5.39% | Contextual | |
| WHG Combined | 5.86% | 6.28% | 5.50% | |
| Loretto A | 4.07% | 4.40% | Contextual | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| Loretto B | 3.12% | 3.32% | Contextual | |
| Loretto Combined | 3.67% | 3.95% | 3.60% | |
| WHE A | 4.48% | 4.83% | Contextual | |
| WHE B | 5.58% | 6.25% | Contextual | |
| WHE Combined | 4.61% | 4.99% | 4.52% | |
| WHS | 4.33% | 4.56% | 4.25% | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Average time to re-let properties (Group RSL) | 14.51 | 16.59 | 16 | |
| WHG | 15.81 | 19.46 | 16 | |
| Loretto | 10.87 | 11.35 | 16 | |
| WHE | 13.93 | 16.79 | 16 | |
| WHS | 11.01 | 8.49 | 16 | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| £15 million generated in Gift Aid to Wheatley Foundation and reinvested in communities | £2,676,000 | £1,339,000 | £1,339,000 | |

**Appendix 2**
**Group Board Other KPIs Q2 (2024/25) (includes Compliance)**

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| Percentage of new tenancies sustained for more than a year – all lets (Group RSL Charter) | 91.16% | 92.35% | 90% | |
| WHG | 92.00% | 92.68% | 90% | |
| Loretto | 93.88% | 93.70% | 90% | |
| WHE | 91.77% | 92.91% | 90% | |
| WHS | 86.10% | 90.29% | 90% | |
| Percentage of new tenancies sustained for more than a year – statutory homeless lets (Group RSL Charter) | 90.67% | 92.29% | Contextual | |
| WHG | 91.38% | 92.87% | Contextual | |
| Loretto | 94.55% | 93.46% | Contextual | |
| WHE | 93.89% | 93.53% | Contextual | |
| WHS | 84.35% | 88.55% | Contextual | |
| Percentage of new tenancies sustained for more than a year – all lets revised (Group RSL non-Charter) | 93.27% | 94.28% | 91% | |
| WHG | 93.81% | 94.52% | 91% | |
| Loretto | 94.52% | 93.55% | 91% | |
| WHE | 94.52% | 95.13% | 91% | |
| WHS | 89.45% | 92.99% | 91% | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| Average time taken to complete emergency repairs (hours) – make safe (Group RSL Charter) | 2.91 | 2.78 | 3 | |
| WHG | 2.88 | 2.74 | 3 | |
| Loretto | 3.07 | 2.89 | 3 | |
| WHE | 3.39 | 3.29 | 3 | |
| WHS | 2.91 | 2.57 | 3 | |
| Average time taken to complete emergency repairs (hours) – make safe (Group including Lowther) | 2.96 | 2.84 | 3 | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| Average time taken to complete non-emergency repairs (working days) (Group RSL Charter) | 8.09 | 8.31 | 7.5 | |
| WHG | 8.04 | 8.19 | 7.5 | |
| Loretto | 8.61 | 9.11 | 7.5 | |
| WHE | 7.73 | 9.33 | 7.5 | |
| WHS | 8.58 | 7.41 | 7.5 | |
| Average time taken to complete non-emergency repairs (working days) (Group including Lowther) | 8.13 | 9.11 | Contextual | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] | |
| Average time to complete approved applications for medical adaptations (calendar days) (Group RSL Charter) | 18.99 | 20.35 | 25 | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| WHG | 17.73 | 16.10 | 25 | |
| Loretto | 18.09 | 21.09 | 25 | |
| WHE | 13.66 | 18.73 | 25 | |
| WHS | 24.57 | 35.73 | 25 | |
| Percentage of reactive repairs completed right first time (Group RSL Charter) | 91.28% | 90.33% | 90% | |
| WHG | 91.62% | 90.69% | 90% | |
| Loretto | 89.92% | 87.23% | 93% | |
| WHE | 92.87% | 85.34% | 90% | |
| WHS | 87.71% | 91.91% | 90% | |
| Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL Charter) | 0 | 0 | 0 | |
| WHG | 0 | 0 | 0 | |
| Loretto | 0 | 0 | 0 | |
| WHE | 0 | 0 | 0 | |
| WHS | 0 | 0 | 0 | |
| Percentage of ASB incidents resolved (Group RSL Charter) | 100% | 90.37% | 100% | |
| WHG | 100% | 88.13% | 100% | |

| Measure | 2023/24 | YTD 2024/25 | | |
| --- | --- | --- | --- | --- |
| | Value | Value | Target | Status |
| Loretto | 100% | 98.22% | 100% | |
| WHE | 100% | 91.43% | 100% | |
| WHS | 100% | 96.86% | 100% | |
| Repeat antisocial behaviour cases in period – number of repeat addresses (Group) | 952 | 475 | 498 | |
| Percentage of lettable homes that became vacant (Group RSL Charter) | 6.95% | 7.10% | 8% | |
| WHG | 6.91% | 7.09% | 8% | |
| Loretto | 5.52% | 5.98% | 8% | |
| WHE | 6.25% | 5.95% | 8% | |
| WHS | 7.92% | 8.16% | 8% | |
| Number of accidental fires in workplace | 1 | 0 | 0 | |
| Number of RIDDOR incidents reported | 18 | 6 | Contextual | |
| Number of Health and Safety Executive or local authority environmental team interventions | 0 | 0 | 0 | |
| Number of new employee liability claims received | 3 | 1 | Contextual | |
| Number of open employee liability claims | 13 | 8 | Contextual | |
| Number of days lost due to work related accidents | 649 | 209 | Contextual | |
| [redacted] | [redacted] | [redacted] | [redacted] | |

| Measure | 2023/24 | YTD 2024/25 | | |
|---|---|---|---|---|
| | Value | Value | Target | Status |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] of entry | [redacted] | [redacted] | [redacted] | [redacted] |

## Compliance Programme Delivery

| 2024/25 Quarter 2 | WHG | Status | Loretto | Status | WHE | Status | WHS | Status |
|---|---|---|---|---|---|---|---|---|
| Legionella - percentage of applicable properties with a valid risk assessment in place | 100% | | 100% | | 100% | | 100% | |
| Percentage of domestic stair and through floor lifts with valid safety inspection | 99.64% | | 100% | | 100% | | 100% | |
| Percentage of passenger lifts with a valid safety inspection | 100% | | 100% | | 100% | | 100% | |
| Percentage of EICR certificates due to expire by end of financial year now renewed | 56.38% | | 89.14% | | 43.61% | | 49.64% | |
| Percentage of properties with an EICR certificate up to 5 years old | 99.89% | | 99.89% | | 99.82% | | 100% | |

## Appendix 3 - Wheatley Group Board - Delivery Plan 24/25 - Strategic Projects

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| Defining and agreeing our approach to vulnerability and personalised services (b) | 31-Mar-2025 | | 66% | 01. Vulnerability strategy and plan developed | 30-Jun-2024 | Yes | Update provided in cover paper |
| | | | | 02. Customer engagement concluded | 31-Aug-2024 | Yes | |
| | | | | 03. Board approval of strategy and implementation plan | 30-Sep-2024 | No | |
| | | | | 04. Implementation plan commenced | 31-Oct-2024 | No | |
| | | | | 05. Update to Board on implementation | 31-Mar-2025 | No | |
| | | | | 06. Review and refine plan phase 2 | 31-Mar-2025 | No | |
| Customer insight driven services (b) | 30-Sep-2024 | | 100% | 01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers | 31-May-2024 | Yes | The findings of three customer journey mapping priorities have been presented to the Executive Team.<br><br>The agreed actions and reflection of wider learning from the strategic project is now shaping service improvement activity. |
| | | | | 02. Agree our pulse and thematic survey programme | 31-May-2024 | Yes | |
| | | | | 03. Undertake customer journey mapping, including through direct engagement with customers | 31-Aug-2024 | Yes | |
| | | | | 04. Group Executive team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings | 30-Sep-2024 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| Asset strategy (b) | 28-Feb-2025 | | 71% | 01. Asset strategy featured as a key theme in Group partner Board strategy workshops | 31-May-2024 | Yes | RSL Boards approved their respective strategic asset investment plans at their respective meetings in September 2024. |
| | | | | 02. Customer and staff engagement session | 31-May-2024 | Yes | |
| | | | | 03. Internal review and sign-off | 31-May-2024 | Yes | |
| | | | | 04. Group Board approval of Group Asset Management | 30-Jun-2024 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | strategy | | | |
| | | | | 05. Group partner asset management plans approved | 30-Sep-2024 | Yes | |
| | | | | 06. Staff launch of group asset management strategy and group partner asset management plans | 31-Oct-2024 | No | |
| | | | | 07. Agreed approach through strategy informs 2025 investment plans | 28-Feb-2025 | No | |
| Wyndford regeneration (b) | 31-Mar-2025 | | 0% | 01. Contractor Procurement completion | 30-Dec-2024 | No | Progress continues to be monitored and updated, taking into account the external interdependencies. |
| | | | | 02. Land Transfer completion | 31-Mar-2025 | No | |
| | | | | 03. Planning Application Submission | 31-Mar-2025 | No | |
| Lochside regeneration (b) | 31-Mar-2025 | | 25% | 01. Masterplan Phasing & Capacities Agreed | 31-May-2024 | Yes | The overall project is currently being considered within the context of the wider new build and regeneration strategy for WHS |
| | | | | 02. PPiP Submission | 31-Aug-2024 | No | |
| | | | | 03. Contractor Procurement Complete | 31-Jan-2025 | No | |
| | | | | 04. Land Transfer Max High completion | 31-Mar-2025 | No | |
| Review of charging - district heating and heat with rent schemes (b) | 30-Aug-2024 | | 100% | 01. Review of existing policy and approach | 31-May-2024 | Yes | Project complete |
| | | | | 02. Proposed update(s) to policy and approach agreed by the Executive Team | 14-Jun-2024 | Yes | |
| | | | | 03. Group Board consider and agree updated district heating charging arrangements | 30-Jun-2024 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | 04. Customer engagement and communication on updates to charging arrangements | 30-Aug-2024 | Yes | |
| Automation & Artificial Intelligence - pilot to explore the potential for productivity gains and service enhancements through MS Co-Pilot and automation (b) | 31-Mar-2025 | | 50% | 01. Three priority areas for automation/use of AI (MS Co-Pilot) agreed and associated measures of success identified | 31-May-2024 | Yes | The deployment activity is underway and the Wheatley Solutions Board is scheduled to receive an update at its meeting on 11 November. |
| | | | | 02. Deployment plan developed and commenced for each priority area | 31-Jul-2024 | Yes | |
| | | | | 03. Deployment plan progress update to the Group Executive Team | 30-Dec-2024 | No | |
| | | | | 04. Pilot evaluation and lessons learned review completed and recommendations, including a business case if appropriate, presented to the Executive Team | 31-Mar-2025 | No | |
| Develop a data and technology enabled approach to managing and monitoring building compliance (b) | 31-Dec-2024 | | 25% | 01. Review our existing compliance cycles, data management, integration and management information arrangements | 31-Jul-2024 | Yes | Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliances areas for each group partner. Work will now continue to summarise and present findings, which will support development of our desired future compliance model. |
| | | | | 02. Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and desired customer touchpoints | 31-Oct-2024 | No | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | and functionality | | | |
| | | | | 03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model | 30-Nov-2024 | No | |
| | | | | 04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits | 31-Dec-2024 | No | |
| Improving and evolving our multi-channel customer first centre (b) | 28-Feb-2025 | | 40% | 01. Customer Engagement on service improvement opportunities via Stronger Voices team | 30-Jun-2024 | Yes | Geographic teams are now in place from September across group for all subsidiaries after Executive team approval.<br><br>Discussion is ongoing with Content Guru to agree proof of concept dates for four distinct enhancements/ trials. Business cases have been devised for these. |
| | | | | 02. Agree approach and workplan for geographical subsidiary service delivery | 31-Jul-2024 | Yes | |
| | | | | 03. Pilot customer call transcription and automated quality assurance | 31-Dec-2024 | No | |
| | | | | 04. Scope and develop an approach for automation of identification and verification (IDV) | 31-Dec-2024 | No | |
| | | | | 05. Year 1 update of the Executive Team including customer feedback and Year 2 enhancement plan | 28-Feb-2025 | No | |
| Review of Defined Contribution pension schemes (b) | 31-Dec-2024 | | 50% | 01. Review and benchmarking of current schemes | 31-Aug-2024 | Yes | The review by Spence has concluded. The Report provided by Spence has |
| | | | | 02. Develop proposals and | 31-Oct-2024 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | proposed implementation approach | | | been reviewed and our draft Strategy developed. The draft strategy will be considered by the Executive Team during November for Group approval in December in line with the milestones. |
| | | | | 03. Executive Team review, and agreement of, recommended approach | 30-Nov-2024 | No | |
| | | | | 04. Recommendations agreed by the Group Board as part of the approval of refreshed Group pensions strategy | 31-Dec-2024 | No | |

**Appendix 4 – Q2 2024/25 - ARC and SPSO measures**

1.1 This appendix provides ARC and SPSO measures up to Q2 2024/25.

1.2 For Group RSLs, ARC measures include complaints received from all customers who receive a service provided by the Group Registered Social Landlord (RSL) or on their behalf. This includes factoring services delivered by Lowther Homes on behalf of RSLs.

1.3 For Group RSLs, SPSO measures include all complaints relating to the RSL, irrespective of the source of the complaint.

**Charter (ARC) Measures**

1.4 ARC measures are reported to SHR for each RSLs in the Group. Performance is for all RSL customers, including those factored owners who receive a service from Lowther Homes on behalf of RSLs.

1.5 Charter RSLs - number of complaints received:

| Charter RSLs – complaints received<br>* excluding complaints carried over | | | | | | |
|---|---|---|---|---|---|---|
| | *2023/24 | | | 2024/25 YTD | | |
| | Stage 1 | Stage 2 | All | Stage 1 | Stage 2 | All |
| WHS | 486 | 77 | 563 | 224 | 44 | 268 |
| WHE | 571 | 72 | 643 | 428 | 66 | 494 |
| WHG | 5,264 | 602 | 5,866 | 2,484 | 331 | 2,815 |
| Loretto | 355 | 28 | 383 | 156 | 21 | 177 |
| Group | 6,676 | 779 | 7,455 | 3,292 | 462 | 3,754 |

1.6 The table below outlines the average time for a full response (working days) for Stage 1 and Stage 2 complaints. All targets are being met for this measure. Performance for all subsidiaries exceeds the 2023/24 SHR Scottish average of 5.1 days for S1 complaints and the Scottish average of 17.5 days for S2 complaints. Performance is for all RSLs, (including Lowther Factored homeowners) who receive a factoring service from Lowther on behalf of that RSL.

1.7 [redacted]

| Charter - average time for a full response to complaints (working days) | | | | |
|---|---|---|---|---|
| Subsidiary | 2023/24 Stage 1 - 5-day target, Stage 2 – 20-day target | | 2024/25 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target | |
| | **Stage 1** | **Stage 2** | **Stage 1** | **Stage 2** |
| WHS | 3.48 | 12.60 | 3.53 | 12.28 |
| WHE | 3.79 | 16.70 | 4.11 | 15.54 |
| WHG | 3.98 | 16.47 | 3.62 | 14.34 |
| Loretto | 3.48 | 15.17 | 3.62 | 15.90 |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

1.8 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined.

| Charter - average time for a full response to complaints (working days) | | |
|---|---|---|
| Subsidiary | 2023/24Target – not targeted | YTD 2024/25 – not Targeted |
| WHS | 4.75 | 4.78 |
| WHE | 5.29 | 5.74 |
| WHG | 5.28 | 5.07 |
| Loretto | 4.39 | 5.02 |
| [redacted] | [redacted] | [redacted] |

**SPSO Measures**

1.9 SPSO measures includes all customers who raise a complaint. We are required to record our performance against the SPSO indicators and report these to the board and senior managers. On request the SPSO can ask that we provide them with details of our complaint handling performance in line with their indicators.

1.10 Stages of complaints are defined as:

- *Stage 1 complaints* – are first time reports of dissatisfaction with services.
- *Stage 2 complaints* – directly received as Stage 2, i.e. not escalated from Stage 1. This can be cases which are considered a risk to reputation or requires investigation due to the number of issues raised that could not have been reasonably resolved at Stage 1 as part of a frontline resolution.
- *Escalated complaints* – complaints that were received into the organisation at Stage 1 and later escalated to Stage 2.

1.11 A summary of the year-to date figures for each of the indicators are included below.

**Indicator 1 - total number of complaints received.**

1.12 Complaints numbers have increased compared to the same period in 2023/24. At the end of Q2 2023/24 the Group had received 3,286 Stage 1 and 47 Stage 2 complaints.

In Q2 2024/25 group has received 3,601 Stage 1 and 31 Stage 2 complaints. While the numbers of complaints have increased overall by 9% due to the increase in Stage 1 complaints, Stage 2 complaints have reduced by 34%.

| SPSO Indicator 1 - total number of complaints received - YTD | | |
|---|---|---|
| **Subsidiary** | **Stage 1 (this includes escalated complaints as they were first received at Stage 1)** | **Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1)** |
| WHS | 224 | 3 |
| WHG | 2,484 | 16 |
| Loretto | 156 | 1 |
| WHE | 428 | 6 |
| [redacted] | [redacted] | [redacted] |
| Group by Stage YTD | 3,601 | 31 |
| Group - All Complaints YTD | 3,632 | |

**Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days. Full response has been given to customer/resolution has been reached, including those with outstanding actions. Extensions of time to a complaint will be included in the total count and will be considered "late".**

1.13 All subsidiaries are achieving target of 95% for stage 1 and 100% for stage 2 for quarter 2.

| SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days | | | | | | |
|---|---|---|---|---|---|---|
| **Subsidiary** | **Stage 1 - responded to within 5 working days** | | **Stage 2 - responded to within 20 working days** | | **Escalated complaints - responded to within 20 working days** | |
| | **2023/24** | **YTD 2024/25** | **2023/24** | **YTD 2024/25** | **2023/24** | **YTD 2024/25** |
| **WHS** | 95.62% | 95.09% | 100.00% | 100.00% | 100.00% | 100.00% |
| **WHG** | 92.54% | 96.29% | 91.67% | 100.00% | 98.40% | 100.00% |
| **Loretto** | 96.82% | 100.00% | 100.00% | 100.00% | 96.15% | 100.00% |
| **WHE** | 95.70% | 97.28% | 80.00% | 100.00% | 100.00% | 100.00% |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

**Indicator 3 - the average time in working days for a full response to the stage.**

1.14 All subsidiaries are achieving target of 5 days for stage 1 and 20 days for stage 2 for quarter 2.

| SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage – YTD 2024/25 | | | |
|---|---|---|---|
| Subsidiary | Stage 1 - responded to within 5 working days | Stage 2 - average time in working days to respond to complaint | Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2 |
| WHS | 3.53 | 15.50 | 12.33 |
| WHG | 3.78 | 14.69 | 14.32 |
| Loretto | 3.62 | 13.00 | 16.05 |
| WHE | 4.15 | 13.67 | 15.73 |
| [redacted] | [redacted] | [redacted] | [redacted] |

**Indicator 4 - the outcome of complaints as a % of overall complaints.**

| SPSO Indicator 4 - the outcome of complaints as a % of overall complaints | | | | |
|---|---|---|---|---|
| Subsidiary | Stage 1 - upheld | Stage 1 - partially upheld | Stage 1 - not upheld | Stage 1 - resolved |
| WHS | 20.98% | 8.04% | 51.34% | 19.64% |
| WHG | 36.31% | 12.76% | 31.05% | 19.88% |
| Loretto | 34.84% | 7.10% | 18.71% | 39.35% |
| WHE | 46.78% | 14.36% | 22.52% | 17.33% |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | Stage 2 - upheld | Stage 2 - partially upheld | Stage 2 - not upheld | Stage 2 - resolved |
| WHS | 0.00% | 50.00% | 50.00% | 0.00% |
| WHG | 12.50% | 37.50% | 43.75% | 6.25% |
| Loretto | 0.00% | 0.00% | 100.00% | 0.00% |
| WHE | 16.70% | 50.00% | 33.30% | 0.00% |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | Escalated complaints - upheld | Escalated complaints - partially upheld | Escalated complaints - not upheld | Escalated complaints - resolved |
| WHS | 47.22% | 19.44% | 33.33% | 0.00% |
| WHG | 44.06% | 23.13% | 30.63% | 2.19% |
| Loretto | 57.90% | 21.05% | 21.10% | 0.00% |
| WHE | 54.84% | 8.06% | 37.10% | 0.00% |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

## Report

**To:** Wheatley Housing Group Board

**By:** Pauline Turnock, Group Director of Finance

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

**Subject:** Finance report to 30 September 2024

**Date of Meeting:** 13 November 2024

---

### 1. Purpose

1.1 The purpose of this paper is to:

- provide the Board with the financial results for the period to 30 September 2024;
- provide the Board with the forecast full year out-turn following the completion of the 6 months to 30 September; and
- seek approval for submission of the RSL Borrower Groups management accounts to 30 September 2024 to our bank lenders as part of our quarterly covenant returns.

### 2. Authorising and strategic context

2.1 Under the Terms of Reference, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

2.2 The key themes and aims of the 2021-26 strategy Your Home, Your Community, Your Future set the context for the 2024/25 budget.

### 3. Background - Financial performance to 30 September 2024

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

| | Year to Date (Period 6) | | |
|---|---|---|---|
| **£m** | **Actual** | **Budget** | **Variance** |
| Turnover | 234.5 | 233.5 | 1.0 |
| Operating expenditure | (177.8) | (180.1) | 2.3 |
| | | | |
| **Operating surplus** | **56.7** | **53.4** | **3.3** |
| *Operating margin* | *24.2%* | *22.9%* | |
| | | | |
| Net interest payable | (36.2) | (36.7) | 0.5 |
| | | | |
| **Surplus** | **20.5** | **16.7** | **3.8** |
| | | | |
| **Net Capital Expenditure** | **93.1** | **92.1** | **(1.0)** |

## 4. Discussion

4.1 The Group is reporting a statutory surplus of £20.5m, £3.8m favourable to budget. The variance to budget reflects a strong performance across our core operating activities. The results report additional net rental income and other income; all operating expenditure categories are broadly in line or favourable to budget including repairs expenditure.

4.2 Key variances against budget include:

- Net rental income is £0.7m favourable to budget with additional rental income from earlier than budgeted new build handovers in the East and South and a strong letting performance contributing to lower void levels which are running at a rate of 1.14% compared to the budget of 1.33%;
- New build grant income relates to 280 units completed (210SR and 70MMR) to date and is £0.4m unfavourable to budget with the slightly later than budgeted completions at Calton Ph1 (40SR) and at West Craigs Ph3 (35SR and 8MMR) offset by early completion of 76SR and 11MMR units at Rosewell, Deans South, Blindwells, West Craigs Ph1 & 2 and South Fort Street; and
- Other income is £0.4m favourable to budget, mainly arising from improved commercial void performance and higher wayleave income reporting in WH Glasgow and [redacted].
- Within operating expenditure, total costs are £2.3m favourable to budget:
- Running costs are £0.7m lower than budget attributable to value for money and cost efficiencies delivered in IT running costs and the timing of spend in other Wheatley Solutions areas driving lower than budgeted group recharges of £0.5m and lower than budgeted direct costs mainly due to the timing of spend compared to budget at this point in the year;
- Revenue repairs and maintenance spend is £0.8m favourable to budget. The timing of compliance spend against budgeted programme and the improvement plan implemented in 2023/24 to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within budget continues to support the delivery of reactive repairs and contribute to this favourable variance. Within repairs spend, the position on responsive repairs is £0.2m favourable and this continues to be closely monitored;
- Bad debt costs are £0.8m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs; and
- Interest payable is £0.6m favourable to budget with unbudgeted interest received of £0.2m, mainly relating to interest received on Wheatley Foundation cash deposits. Interest payable is £0.4m favourable to budget due to timing of drawn balances compared to budget, a lower base rate on the variable loans compared to budget and the completion the new loan with [redacted] at a lower rate than assumed in the financial projections.

4.3 Within capital expenditure, net new build spend is £2.7m unfavourable to budget with new build investment spend £17.3m lower than budget and grant income £20.0m lower than budget. Shawbridge Arcade is now on site with spend of £2.8m in the year to date, the grant for which will be claimed in 2025/26. Further details of the sites contributing to the variances are outlined on page 1a) in Appendix 1.

4.4 The net core investment spend was £1.2m favourable to budget with reduced spend in voids and in the core investment programme works in the RSLs and [redacted], partially offset by increased capitalised repairs.

Q2 Forecast

| | Q2 Forecast | | |
|---|---|---|---|
| **£m** | **Budget** | **Forecast** | **Variance** |
| Turnover | 487.4 | 490.3 | 2.9 |
| Operating expenditure | (360.2) | (361.4) | (1.2) |
| | | | |
| **Operating surplus** | **127.2** | **128.9** | **1.7** |
| *Operating margin* | *26.1%* | *26.2%* | |
| | | | |
| Net interest payable | (78.1) | (77.1) | 1.0 |
| | | | |
| **Statutory surplus** | **49.1** | **51.8** | **2.7** |
| | | | |
| **Net Capital Expenditure** | **195.8** | **205.7** | **(9.9)** |

4.5 The Q2 full year forecast out-turn for the Group shows a statutory surplus of £51.7m, £2.7m higher than budget. [redacted] This is driven by the agreed £3.8m increase to the investment programme for 2024/25 following the recent covenant changes which will allow projects which had been previously deferred to come forward into the current year, recognising our objective to provide high quality housing and invest to improve the energy efficiency of our homes. We have also projected some additional revenue repairs spend on fire safety and the introduction of a programme of environmental improvements in our neighbourhoods, the financial impact of both these items has been managed within the overall 2024/25 budgetary position.

4.6 The key drivers for the variance to budget are:

- Net rental income is forecast to be £0.5m favourable to budget and includes the impact of the timing of new build completions across the RSL's [redacted]
- New Build grant income recognised through the operating statement is expected to be £1.5m favourable to budget due to GCC awarding additional grant funding for the Calton Ph1 development, linked to tenure change from MMR to SR;
- Other grant income is expected to be £0.5m favourable to budget with an overall increase in the SHNZ grant funding following the final approval of grant for energy efficiency works in South, West and East (corresponding investment costs recognised in the Core Investment programme) partly offset by reduced adaptation grants in both WH East and WH South (with a corresponding reduction in Investment costs);
- [redacted]

- The new Neighbourhood Environmental Improvement Team is reflected in the forecast with additional employee costs of £0.2m in 2024/25. This forms part of our Strategic Asset Investment plan, with particular focus on neighbourhood priorities;
- Additional revenue repairs and maintenance costs of £0.9m providing provision for our MSF fire door inspection programme in line with Scottish Government guidance, and in keeping with our commitment to effective fire prevention and mitigation; and
- Net interest payable is forecast to be £1.0m lower than budget with interest payable £0.6m favourable linked to the impact of the new private placement funding interest rate being less than budgeted, timing of the drawdowns and a lower base rate charged on the variable loans. An additional £0.4m interest receivable is forecast relating to the Wheatley Foundation and WH South.

4.7 Net capital investment is forecast to be £9.9m higher than budget:

- Net new build spend is £6.1m unfavourable to budget with new build investment spend £46.9m lower than budget and grant income £53.0m lower than budget. Spend at Shawbridge Arcade, North Toryglen and Deans South Ph2 has been forecast in the year with the grant to be received in 2025/26; these projects continue to meet the target IRR with the later timing of the grant claim. Further details of the sites contributing to the variances are outlined on page 10) in Appendix 1; and
- Core investment programme is forecast to be £4.2m higher than budget recognising the agreed additional £3.8m spend on core investment programme the capacity for which was created through our interest cover covenant change, £0.8m of additional SHNZ work in WH Glasgow and WH East and the reduced adaptation work in WH East and WH South of £0.4m.

4.8 The forecast variations to budget on individual lines are managed within the parameters of the overall budget for 2024/25 and the headroom in our covenant golden rules. The forecast underlying surplus of £1.6m provides sufficient earnings to service at a full group and RSL borrower group level. The full year out-turn projections show us remaining compliant with borrowing covenants and we continue to meet our trading cashflow golden rule of 110% at 31 March 2025.

## 5. Customer Engagement

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

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

8.1 As noted above.

## 9. Legal, regulatory and charitable implications

9.1 As noted above.

## 10. Risk Appetite and assessment

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

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

## 11. Equalities implications

11.1 There are no equalities implications arising from this report.

## 12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 30 September 2024.

## 13. Recommendations

13.1 The Board is requested to:

1) note the Group management accounts for the period ended 30 September 2024 and the forecast full year out-turn for 2024/25 at Appendix 1; and
2) approve the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders.

LIST OF APPENDICES:

Appendix 1: Wheatley Group Financial Report to 30 September 2024
Appendix 2: RSL Borrower Group Financial Report to 30 September 2024

# [redacted]ppendix 2: Wheatley Group Financial Report
# RSL Borrower Group & Quarterly Covenants
# To September 2024 (Period 6)


| | | |
|---|---|---|
| 1. | a) RSL Borrower Group | 2-4 |
| | b-g) Year to date results | 5-10 |
| 2. | RSL Borrower Group – balance sheet & cashflow | 11-12 |


[redacted]

# 1a) RSL Borrower Group – Period to September 2024

| | Period to 30 September 2024 | | | Full Year Budget £'000 |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | |
| **INCOME** | | | | |
| Net Rental Income | 166,216 | 165,760 | 456 | 331,406 |
| Grant income New Build | 32,391 | 32,742 | (351) | 77,456 |
| Grant income Other | 3,690 | 3,480 | 210 | 14,018 |
| Other Income | 7,269 | 6,859 | 411 | 14,793 |
| **Total Income** | **209,566** | **208,841** | **726** | **437,673** |
| **EXPENDITURE** | | | | |
| Employee Costs | 33,140 | 33,172 | 32 | 65,458 |
| ER/VR | 108 | 108 | - | 1,050 |
| Running Costs | 17,601 | 18,166 | 565 | 36,926 |
| Repairs & Maintenance | 42,916 | 43,788 | 872 | 82,736 |
| Bad debts | 1,152 | 2,113 | 961 | 4,225 |
| Depreciation | 60,821 | 60,821 | - | 122,109 |
| Demolition Programme | 249 | 261 | 12 | 523 |
| **Total Expenditure** | **155,987** | **158,430** | **2,442** | **313,027** |
| **NET OPERATING SURPLUS** | **53,579** | **50,411** | **3,168** | **124,646** |
| | 25.6% | 24.1% | | 28.5% |
| Interest receivable | 88 | 64 | 24 | 118 |
| Interest payable | (34,970) | (35,322) | 352 | (75,329) |
| **STATUTORY SURPLUS/(DEFICIT)** | **18,697** | **15,153** | **3,544** | **49,435** |

**Key highlights:**

The operating surplus to 30 September is £53,579k, £3,168k favourable to budget. Statutory surplus of £18,697k is reported, £3,544k compared to budget. The variance to budget reflects additional net rental income and other income and reduced costs across all expenditure lines.

Total income of £209,566k is £726k favourable to budget:

- Net rental income is £456k favourable to budget. Gross rental income is favourable due to the "cease to let" at Livingwell properties in Glasgow being slower than anticipated, resulting in £130k additional income to budget, and earlier than budgeted new build handovers in the East and South. In addition, rent loss on voids is £162k favourable with voids at 1.16% compared to the budgeted 1.26%.
- New build grant income relates to 276 units completed (210SR and [redacted]) and is £351k unfavourable with the completion of 40SR units at Calton phase 1 budgeted for August now expected to complete in November and in WH East, delays at West Craigs Ph3 (35SR and 8MMR) offset by early completion of 76SR and [redacted] units at Rosewell, Deans South, Blindwells, West Craigs Ph1 & 2 and South Fort Street.
- Other grant income is £210k favourable to budget, with higher than budgeted renewable heat incentive grant income and Supporting People grant income from DGC in WH South and £152k of unbudgeted SHNZ income (with matched additional investment spend) for WH East and WH Glasgow.
- Other income is £411k favourable to budget due to lower commercial voids, additional wayleave, solar panels and water rebate income received in WH Glasgow and [redacted] income in WH East due to earlier than budgeted MMR property completions.

Total expenditure of £155,987k is £2,442k favourable to budget:

- Employee costs (direct and group services) are £32k favourable to budget due to a small number of vacancies in the budgeted structure being partially offset by additional spend from Wheatley Solutions for group employee costs.
- Running costs (direct and group services) are £565k favourable to budget mainly attributable to lower than budgeted group recharges of £476k with savings obtained in IT running costs and the timing of spend in other Solutions teams and savings in direct costs due to the timing of spend compared to the budget phasing.
- Revenue repairs and maintenance spend is £872k favourable to budget. Responsive repairs are £182k lower than budget across all RSLs and cyclical repairs are also £690k lower than budget due to timing of spend. All legislative requirements have been met.
- Bad debts are £961k favourable to budget with a prudent provision set aside for increases in arrears.

Interest payable is £352k favourable to budget due to timing of drawn balances compared to budget and a lower base rate on the variable loans compared to budget.

# 1a) RSL Borrower Group – Period to September 2024

| Capital Investment | Period to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | Budget £'000 |
| **CORE PROGRAMME** | | | | |
| SHNZ | 703 | 551 | 152 | 3,404 |
| Adaptations | 1,300 | 1,300 | 0 | 2,902 |
| **Grant Income** | **2,003** | **1,851** | **152** | **6,306** |
| Core Investment Programme | 22,277 | 22,972 | 695 | 46,352 |
| SHNZ | 703 | 551 | (152) | 3,404 |
| Adaptations | 1,888 | 1,909 | 21 | 4,184 |
| Voids | 7,451 | 8,142 | 691 | 14,087 |
| Capitalised Repairs | 5,618 | 5,346 | (272) | 11,697 |
| **Total Core Investment** | **37,937** | **38,920** | **983** | **79,724** |
| **NET CORE INVESTMENT SPEND** | **35,934** | **37,069** | **1,135** | **73,418** |
| **NEW BUILD** | | | | |
| New Build Grant Income Received | 29,748 | 48,564 | (18,816) | 114,958 |
| New Build investment | 78,198 | 95,430 | 17,232 | 213,200 |
| **NET NEW BUILD INVESTMENT SPEND** | **48,450** | **46,866** | **(1,584)** | **98,242** |
| **OTHER FIXED ASSET INVESTMENT SPEND** | **5,726** | **6,166** | **440** | **12,681** |
| **TOTAL NET CAPITAL INVESTMENT SPEND** | **90,110** | **90,101** | **(9)** | **184,341** |

**Key highlights:**

Net capital expenditure of £90,110k is in line with budget.

- Net investment spend is £1,135k favourable to budget with reduced spend in voids and the timing of the core investment programme works compared to budget, partially offset by increased capitalised repairs and unbudgeted SHNZ spend (matched with the additional grant income). Capitalised repairs are higher than budget due to a number of higher value repairs being undertaken including roof, fencing, windows, asbestos and damp and rot jobs.

- Net new build spend is £1,584k unfavourable to budget with new build investment spend £17,232k below budget and grant income £18,816k below budget. Shawbridge Arcade, is now on site with spend of £2,829k in the year to date, the grant for this project will be claimed in 2025/26.

- New build grant income of £29,748k is £18,816k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen. There have also been reduced claims in WH East for Deans South Phase 2 and for grants received in 2023/24 budgeted to be received in 2024/25 for Wallyford 5 A/B, West Craigs Ph3 and Winchburgh BB partially offset by accelerated claims in WH East for Blindwells and Dalhousie South.

- Reduced new build spend reflects the delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood and reduced spend at Curries Yard due to accelerated spend in 2023/24 at WH South and delayed works at Deans South Ph2 and Wallyford 5 A/B in WH East. This underspend was offset by accelerated spend at sites in WH East including Blindwells, Sibbalds Brae and West Craigs Ph3 and additional spend at Springholm in WH South.

- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £440k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

# 1a) RSL Borrower Group underlying surplus – Period to September 2024

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

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

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

An underlying surplus of £9,190k has been reported for the period to 30 September 2024. The surplus includes rental from the earlier than budgeted completions, other income and reduced spend across operating expenditure. The timing of core investment works to the budgeted programme has also contributed.

**Borrower Group Underlying Surplus - September 2024**

| | YTD Actual £ks | YTD Budget £ks | YTD Variance £ks | FY Budget £ks |
|---|---|---|---|---|
| Net Operating Surplus | 53,579 | 50,411 | 3,168 | 124,646 |
| add back: | | | | |
| Depreciation | 60,821 | 60,821 | 0 | 122,109 |
| less: | | | | |
| Grant Income | (32,391) | (32,742) | 351 | (77,456) |
| Net interest payable | (34,882) | (35,258) | 376 | (75,329) |
| Total Core investment | (37,937) | (38,920) | 983 | (79,724) |
| Underlying surplus | **9,190** | **4,312** | **4,878** | **14,246** |

# 1b) Wheatley Homes Glasgow – Period to September 2024

| | Period To September 2024 Actual £ks | Period To September 2024 Budget £ks | Period To September 2024 Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 113,063 | 112,897 | 166 | 225,333 |
| Void Losses | (1,314) | (1,347) | 33 | (2,693) |
| Net Rental Income | 111,749 | 111,550 | 199 | 222,640 |
| Grant Income New Build | 0 | 4,209 | (4,209) | 20,527 |
| Grant Income Other | 1,952 | 1,866 | 86 | 8,000 |
| Other Income | 5,743 | 5,512 | 231 | 14,823 |
| **Total Income** | **119,444** | **123,137** | **(3,693)** | **265,990** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 16,419 | 16,433 | 14 | 32,504 |
| Employee Costs - Group Services | 8,228 | 8,194 | (34) | 15,922 |
| ER / VR | 108 | 108 | 0 | 840 |
| Direct Running Costs | 7,067 | 7,066 | (1) | 14,292 |
| Running Costs - Group Services | 4,234 | 4,576 | 342 | 9,564 |
| Revenue Repairs and Maintenance | 31,628 | 31,780 | 152 | 58,089 |
| Bad debts | 782 | 1,311 | 529 | 2,622 |
| Depreciation | 42,140 | 42,140 | 0 | 84,281 |
| Demolition | 6 | 0 | (6) | 0 |
| **TOTAL EXPENDITURE** | **110,612** | **111,608** | **996** | **218,114** |
| **NET OPERATING SURPLUS / (DEFICIT)** | **8,832** | **11,529** | **(2,697)** | **47,876** |
| *Net operating margin* | *7.4%* | *9.4%* | *-2.0%* | 18% |
| Interest payable & similar charges | (24,504) | (24,490) | (14) | (54,332) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(15,672)** | **(12,961)** | **(2,711)** | **(6,456)** |

| **INVESTMENT** | Period To September 2024 Actual £ks | Period To September 2024 Budget £ks | Period To September 2024 Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **Total Capital Investment Income** | **10,402** | **23,345** | **(12,943)** | **50,977** |
| Investment Programme Expenditure | 26,720 | 26,911 | 191 | 53,829 |
| New Build Programme | 22,672 | 34,728 | 12,056 | 85,317 |
| Other Capital Expenditure | 4,595 | 4,651 | 56 | 8,946 |
| **TOTAL CAPITAL EXPENDITURE** | **53,987** | **66,290** | **12,303** | **148,092** |
| **NET CAPITAL EXPENDITURE** | **43,585** | **42,945** | **(640)** | **97,115** |

**Key highlights:**

Net operating surplus of £8,832k, is £2,697k unfavourable to budget. Statutory deficit for the period is £15,672k, £2,711k unfavourable to budget. The unfavourable outturn relates the timing of new build completions compared to the budgeted profile offset by additional other income and a favourable expenditure position compared to budget.

- Net Rental income is £199k favourable to budget. Gross rental income includes £130k additional income from Livingwell properties. A "cease to let" was approved by the Board in September 2022, however the properties have cleared slower than anticipated.
- New build grant income reports an unfavourable variance of £4,209k, with completion of 40 units at Calton phase 1 budgeted for August now expected to complete in November.
- Other grant income includes £86k of unbudgeted SHNZ grant income with corresponding costs in Investment programme expenditure.
- Other income is £231k favourable to budget linked to commercial void performance being favourable to budget and higher Wayleave and Solar Panel income, reflecting the prudent budget set.
- Total employee costs (direct and group services) are £20k unfavourable to budget with additional spend from Wheatley Solutions for group employee costs contributing to the variance.
- Total running costs (direct and group services) are £341k favourable to budget. Direct costs are in line with budget. Group recharges are £342k favourable to budget with savings obtained in IT running costs and the timing of spend in other Solutions teams .
- Revenue repairs and maintenance spend is £152k favourable to budget. Responsive repairs are £42k lower than budget. Compliance spend reports £173k favourable variance due to the timing of the programme.
- Bad debts are £529k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £14k unfavourable to budget linked to the timing of loan drawdowns compared to budget at P6.

Net capital expenditure of £43,585k is £640k higher than budget.

- Capital investment income (grants) is £12,943k lower than budget mainly due to the timing of spend at Calton Phase 2 and Sighthill Phase 2, and at North Toryglen where the grant has been confirmed as being claimable in 2025/26.
- Investment programme spend is £191k favourable to budget with lower spend in capitalised voids, partly offset by additional capitalised repairs spend.
- New build spend is £12,056k lower than budget, following a delay in the works at Sighthill Phase 2, a delayed site start at North Toryglen as well as lower spend at Calton Phase 2.
- Other capital expenditure of £4,595k is £56k lower than budget with higher spend on the concierge office refurbishment programme offset by the timing of IT project spend.

# 1c) Loretto Housing – Period to September 2024

| | Period To 30 September 2024 Actual £k | Budget £k | Variance £k | Full Year Budget £k |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 8,539 | 8,545 | (6) | 17,103 |
| Void Losses | (160) | (214) | 54 | (423) |
| **Net Rental Income** | **8,379** | **8,331** | **48** | **16,680** |
| **Grant Income** | **0** | **0** | **0** | **5,766** |
| **Other Grant Income** | **37** | **37** | **0** | **117** |
| **Other Income** | **55** | **56** | **(1)** | **815** |
| **Total Income** | **8,471** | **8,424** | **47** | **23,378** |
| | | | | |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 625 | 625 | 0 | 1,246 |
| Employee Costs - Group Services | 448 | 446 | (2) | 885 |
| ER / VR | 0 | 0 | 0 | 0 |
| Direct Running Costs | 898 | 946 | 48 | 1,905 |
| Running Costs - Group Services | 224 | 243 | 19 | 507 |
| Revenue Repairs and Maintenance | 2,130 | 2,165 | 35 | 4,464 |
| Bad debts | 68 | 86 | 18 | 172 |
| Depreciation | 3,559 | 3,559 | 0 | 7,156 |
| **TOTAL EXPENDITURE** | **7,952** | **8,070** | **118** | **16,335** |
| | | | | |
| **OPERATING SURPLUS / (DEFICIT)** | **519** | **354** | **165** | **7,043** |
| *Net operating margin* | *6.1%* | *4.2%* | *1.9%* | |
| Interest Payable | (1,825) | (1,956) | 131 | (4,157) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(1,306)** | **(1,602)** | **296** | **3,124** |

| | Period To 30 September 2024 Actual £k | Budget £k | Variance £k | Full Year Budget £k |
|---|---|---|---|---|
| **INVESTMENT** | | | | |
| **Total Capital Investment Income** | **4,425** | **7,726** | **(3,301)** | **14,933** |
| | | | | |
| **Investment Programme** | 2,030 | 1,912 | (118) | 3,496 |
| **New Build Programme** | 9,301 | 12,322 | 3,021 | 24,959 |
| **Other Capital Expenditure** | 115 | 194 | 79 | 387 |
| **TOTAL CAPITAL EXPENDITURE** | **11,446** | **14,428** | **2,982** | **28,842** |
| | | | | |
| **NET CAPITAL EXPENDITURE** | **7,021** | **6,702** | **(319)** | **13,909** |

**Key highlights:**

Net operating surplus of £519k is £165k favourable to budget. Statutory deficit for the period is £1,306k and is £296k favourable to budget with the main drivers being the favourable position on void losses, operating costs and interest payable.

- Net rental income is £48k favourable to budget due to lower than budgeted voids. Void losses in the period are £54k favourable with a rate of 1.87% against a budget of 2.50%.
- Total running costs are £67k favourable to budget, linked to savings in cleaning and council tax on voids, the timing of direct spend and lower group recharges with savings obtained in IT running costs and the timing of spend in other Solutions teams.
- Revenue repairs and maintenance is £35k favourable to budget. Responsive repairs are £81k favourable to budget and compliance spend is £46k over budget due to timing of the programme.
- Bad debts are £18k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £131k favourable due to the timing of loan drawdowns compared to budget.

Net capital expenditure of £7,021k is £319k higher than budget.

- Capital investment income (grant) is £3,301k lower than budget due to the phasing of new build grant claims; Constarry Road and Bank street have claimed higher grants YTD than budgeted which is offset with Forfar, which is not yet on site, and for South Crosshill, which was received in full in the prior year.
- New build spend is £3,021k lower than budget due to the timing of spend for Forfar and Duke Street, which is partially offset with spend at South Crosshill, Bank Street and Constarry Road being ahead of budget.
- Investment programme expenditure of £2,030k relates to core programme works, capitalised repairs and voids. Capitalised repairs and void repairs both report spend higher than budget in the year to date.
- Other capital expenditure of £115k relates to Loretto's contribution to Wheatley Group IT costs, with the favourable position reflecting the timing of IT projects being undertaken.

# 1d) Wheatley Homes East – Period to September 2024

| | Year to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £k | Budget £k | Variance £k | Budget £k |
| **INCOME** | | | | |
| Rental Income | 20,962 | 20,904 | 58 | 42,007 |
| Void Losses | (319) | (292) | (27) | (563) |
| **Net Rental Income** | **20,643** | **20,612** | **31** | **41,444** |
| Grant Income Recognised in the Year | 15,973 | 12,115 | 3,858 | 34,745 |
| Other Grant Income | 368 | 302 | 66 | 604 |
| Other Income | 1,835 | 1,797 | 38 | 7,324 |
| **TOTAL INCOME** | **38,819** | **34,826** | **3,993** | **84,117** |
| | | | | |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 2,368 | 2,316 | (52) | 4,621 |
| Employee Costs - Group Services | 1,309 | 1,304 | (5) | 2,586 |
| ER/VR | 0 | 0 | 0 | 0 |
| Direct Running Costs | 2,440 | 2,455 | 15 | 4,910 |
| Running Costs - Group Services | 753 | 813 | 60 | 1,700 |
| Revenue Repairs and Maintenance | 3,356 | 3,382 | 26 | 7,138 |
| Bad Debts | 188 | 188 | 0 | 375 |
| Depreciation | 7,402 | 7,402 | 0 | 15,231 |
| **TOTAL EXPENDITURE** | **17,816** | **17,860** | **44** | **36,561** |
| | | | | |
| **NET OPERATING SURPLUS** | **21,003** | **16,966** | **4,037** | **47,556** |
| *Net Operating Margin* | *54%* | *49%* | *5%* | *57%* |
| | | | | |
| Interest payable & similar charges | (4,940) | (5,061) | 122 | (9,360) |
| **STATUTORY SURPLUS** | **16,063** | **11,904** | **4,159** | **38,221** |

| | Year to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £k | Budget £k | Variance £k | Budget £k |
| **INVESTMENT** | | | | |
| **Total Capital Investment Income** | **15,878** | **17,337** | **(1,459)** | **32,744** |
| | | | | |
| Investment Programme Expenditure | 3,598 | 3,693 | 95 | 6,966 |
| New Build & Other Investment | 42,067 | 42,869 | 802 | 87,201 |
| Other Capital Expenditure | 460 | 605 | 145 | 1,211 |
| **TOTAL CAPITAL EXPENDITURE** | **46,125** | **47,167** | **1,042** | **95,378** |
| | | | | |
| **NET CAPITAL EXPENDITURE** | **30,247** | **29,830** | **(417)** | **62,634** |

**Key highlights:**

Net operating surplus of £21,003k is £4,037k favourable to budget. Statutory surplus for the period is £16,063k, £4,159k favourable to budget with the earlier than budgeted release of grant income on new build completions contributing to the variance.

- Gross rental income is £58k favourable to budget due to additional rental income from earlier than budgeted new build completions. Void losses of £319k are £27k adverse to budget due to higher voids at supported sites and the Harbour.
- Grant income recognised is £3,858k favourable to budget due to the earlier than budgeted completions. Units completed ahead of budget include West Craigs Ph1&2 (11MMR), Rosewell (25SR), South Fort (11 SR), Deans South (17SR) and Blindwells (23SR). This is offset by delays at West Craigs Ph3 (35SR & 8MMR).
- Other grant income of £368k includes £66k of unbudgeted SHNZ grant income with corresponding costs in Investment spend below.
- Other income of £1,835k is £38k favourable to budget and includes lease income from Lowther for the earlier than budgeted completions of MMR properties at Westcraigs and Southfort.
- Total employee costs are £57k unfavourable to budget. Direct employee costs are £52k unfavourable to budget, due to an additional project worker post at the Harbour as well as an increase in agency staffing costs. Group employee costs are £5k unfavourable to budget due to changes within budgeted structures in Wheatley Solutions.
- Total running costs are £75k favourable to budget and includes group running costs £60k favourable to budget with savings obtained in IT running costs and the timing of spend in other Solutions teams.
- Revenue repairs and maintenance spend is £26k favourable to budget with responsive repairs £22k favourable and cyclical maintenance £4k favourable due to timing of spend.

Net interest payable of £4,940k includes interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is favourable to budget due to the timings of drawdowns compared to budget.

Net capital expenditure of £30,247k is £417k higher than budget.

- Capital investment income is £1,459k lower than budget due to lower grant claims at Deans South Ph2 following a revised grant drawdown profile in 2025/26 and earlier claims made in 2023/24 for Wallyford 5 A/B, Winchburgh BB and West Craigs Ph3. This unfavourable position was partly offset by additional claims for Blindwells and Dalhousie South Ph1.
- Core programme spend is £95k favourable to budget, mainly due to lower than budgeted spend on capitalised voids.
- New build spend of £42,067k is £802k lower than budget due to later than budgeted start dates at Deans South Ph2 and reduced spend at West Craigs Ph1 & 2, Winchburgh BB and Wallyford 5 A/B. The reduced spend was partly offset by accelerated spend at Blindwells, which was budgeted as a development project in WDS but now delivered as a turnkey project with the completed units acquired by WH East directly, Sibbalds Brae and West Craigs Ph3.
- Other capital expenditure of £460k is £145k lower than budget due to timing of IT spend.

# 1e) Wheatley Homes South – Period to September 2024

| OPERATING STATEMENT | Period to September 2024 Actual £ks | Budget £ks | Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 25,604 | 25,528 | 76 | 51,163 |
| Void Losses | (159) | (261) | 102 | (521) |
| **Net Rental Income** | **25,445** | **25,267** | **178** | **50,642** |
| Grant Income | 16,418 | 16,418 | 0 | 16,418 |
| Other Grant Income | 1,333 | 1,275 | 58 | 5,297 |
| Other Income | 605 | 588 | 17 | 2,152 |
| **TOTAL INCOME** | **43,801** | **43,549** | **253** | **74,508** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 2,530 | 2,643 | 113 | 5,277 |
| Employee Costs - Group Services | 1,775 | 1,769 | (6) | 3,508 |
| ER/VR | 0 | 0 | 0 | 210 |
| Direct Running Costs | 1,258 | 1,285 | 27 | 2,651 |
| Running Costs - Group Services | 1,022 | 1,103 | 81 | 2,305 |
| Revenue Repairs and Maintenance | 5,893 | 6,677 | 784 | 13,122 |
| Bad debts | 114 | 528 | 414 | 1,056 |
| Depreciation | 7,720 | 7,720 | 0 | 15,441 |
| Demolition and compensation | 243 | 261 | 18 | 523 |
| **TOTAL EXPENDITURE** | **20,555** | **21,986** | **1,431** | **44,093** |
| **NET OPERATING SURPLUS** | **23,246** | **21,562** | **1,684** | **30,415** |
| *Net operating margin* | *53%* | *50%* | *4%* | *41%* |
| Interest receivable | 66 | 15 | 51 | 30 |
| Interest payable & similar charges | (3,684) | (3,766) | 82 | (7,417) |
| **STATUTORY SURPLUS** | **19,628** | **17,811** | **1,817** | **23,028** |

| INVESTMENT | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
|---|---|---|---|---|
| **TOTAL CAPITAL INVESTMENT INCOME** | **1,047** | **2,007** | **(960)** | **16,304** |
| Capital Investment spend | 5,760 | 6,510 | 750 | 15,432 |
| New Build Programme | 7,188 | 9,487 | 2,299 | 24,207 |
| Other Fixed Assets | 556 | 716 | 160 | 2,137 |
| **TOTAL INVESTMENT EXPENDITURE** | **13,504** | **16,713** | **3,208** | **41,776** |
| **NET CAPITAL EXPENDITURE** | **12,457** | **14,706** | **2,249** | **25,472** |

Wheatley Homes South

**Key highlights :**

Net operating surplus of £23,246k is £1,684k favourable to budget. Statutory surplus for the period is £19,628k, is £1,817k favourable with lower spend across expenditure lines contributing to the favourable position.

- Net rental income is £178k higher than budget. Void losses are £102k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £76k higher due to unbudgeted rental income from earlier handover of Curries Yard and the deferred Lochside clearance.
- Grant income is in line with budget following the completion of 54 units at Curries Yard and 47 units at Springholm, all for social rent.
- Other grant income is £58k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £17k favourable to budget due to unbudgeted procurement rebate, partly offset by lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £107k favourable to budget, with vacant positions and the timing of staff changes, partly offset by additional spend from Wheatley Solutions for Group employee costs.
- Total running costs (direct and group services) are £108k favourable to budget primarily with savings obtained in IT running costs and the timing of spend in other Solutions teams.
- Repairs costs are £784k favourable to budget. Responsive repairs are £225k favourable to budget with less complex jobs reducing the overall cost per job. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget.
- Bad debts are £414k favourable to budget.  A prudent approach was taken when setting the budget.
- Demolition costs includes two buy backs at Armour Drive (Summerhill) and the demolition costs at Ecclefechan with all 12 units at Ecclefechan now demolished.

Interest payable of £3,684k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The £82k favourable variance is due to lower drawdowns than budgeted.

Net capital expenditure of £12,457k is £2,249k lower than budget.

- Capital investment income is £960k lower than budget. New build grant income is unfavourable to budget due to a delayed start at Ashwood Drive and College Mains. Grant income received relates to Johnstonebridge.
- Total capital investment spend of £5,760k is £750k lower than budget, mainly due to the timing of spend on core investment spend.
- New Build expenditure is £2,299k lower due to later than budgeted start dates at Ashwood Drive and Newington. Curries Yard, now complete and fully handed over, is also under budget due to additional spend in 2023/24. This is partially offset by additional spend in Springholm.
- Other capital expenditure of £556k is £160k lower than budget due to timing of IT spend.

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Wheatley Group

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# 2a) RSL Borrower Group – Consolidated Balance Sheet

| | As at 30 September 2024 £ks | As at 31 March 2024 £ks |
|---|---|---|
| **Fixed Assets** | | |
| Social Housing Properties | 2,986,356 | 2,927,353 |
| Investment properties | 144,485 | 144,420 |
| Other tangible fixed assets | 80,588 | 78,485 |
| Investments -other | 11,940 | 11,940 |
| **Fixed Assets** | **3,223,369** | **3,162,198** |
| **Debtors Due More Than One Year** | | |
| Inter Company Loan | 21,004 | 18,504 |
| **Current Assets** | | |
| Stock | 2,194 | 1,926 |
| Trade debtors | 1,512 | 1,600 |
| Rent & Service charge arrears | 16,601 | 20,370 |
| less: Provision for rent arrears | (10,503) | (10,200) |
| Prepayments and accrued income | 11,038 | 7,786 |
| Intercompany debtors | 3,653 | 5,707 |
| Other debtors | 13,953 | 19,092 |
| | **38,448** | **46,281** |
| Bank & Cash | 34,492 | 24,303 |
| **Current Assets** | **72,940** | **70,584** |
| **Current Liabilities** | | |
| Trade Liabilities | (11,353) | (16,752) |
| Accruals | (39,817) | (46,486) |
| Deferred income | (90,409) | (55,450) |
| Rents & service charges in advance | (16,379) | (23,974) |
| Bank Loans | (31,176) | (33,503) |
| Intercompany creditors | (814) | (5,522) |
| Other creditors | (18,696) | (17,826) |
| | **(208,644)** | **(199,513)** |
| **Net Current Assets** | **(135,704)** | **(128,929)** |
| **Long Term Liabilities** | | |
| Contingent efficiencies grant | (46,280) | (46,280) |
| Loan - private finance | (1,278,134) | (1,204,708) |
| Bond finance | (300,000) | (300,000) |
| Provisions | (2,281) | (2,304) |
| Deferred income | (39,838) | (75,042) |
| Pension liability | (7,949) | (7,949) |
| **Long Term Liabilities** | **(1,674,482)** | **(1,636,283)** |
| **Net Assets** | **1,434,187** | **1,415,490** |
| **Funding Employed** | | |
| **Capital & Reserves** | | |
| Share Capital | 0 | 0 |
| Retained Income b/fwd | 671,906 | 681,612 |
| Income & Expenditure | 18,697 | (9,706) |
| Revaluation Reserves | 743,584 | 743,584 |
| **Funding Employed** | **1,434,187** | **1,415,490** |

**Key highlights:**

- The Balance Sheet as at 31 March 2024 reflects the audited position.

At 30 September 2024:

- Current assets (excluding cash) are £7.8m lower than the year end position, mainly due to the decrease in rent arrears of £4.1m due to the timing of receipt of housing benefit, decrease in prepayments and other debtors of £1.9m due to timing, and a decrease in intercompany balances of £2.1m due to the timing of settlements.
- Bank and Cash of £34.5m includes deposits in transit and outstanding payments showing in the bank after the month end.
- Overall current liabilities are £9.1m higher than the year end position. An increase in deferred income of £35m (corresponding decrease in long term creditors) is partly offset by decreases in trade creditors of £5.4m, a decrease in prepaid rent of £7.6m due to timing of receipt of housing benefit, the repayment of £2.3m bank loans, decrease in intercompany balances of £4.7m due to timing of settlements and a decrease in accruals and other creditors of £5.8m due to the timing of invoices being raised for costs.
- Long term liabilities at 30 September 2024 are £38.2m higher than the year end position mainly due to £73.4m additional loans (net of loan payments) received to finance the developments across the RSL's and £35.2m decrease in deferred income with a compensating increase in current liabilities.
- Income and expenditure relates to the RSL Borrower Group surplus for the period to 30 September 2024.

# 2b) RSL Borrower Group – Cash Flow Statement

| For the period ended 30 September 2024 | 2024/25 £'000 |
|---|---|
| Net cash generated from operating activities (see Note1) | 68,603 |
| Cashflow from investing activities | |
| Purchase of tangible fixed assets | (122,072) |
| Grants received | 32,146 |
| | (89,926) |
| Cashflow from financing activities | |
| Interest paid | (34,536) |
| Interest received | - |
| Drawdown of intercompany lending | (2,500) |
| Additional funding received in year to date | 176,500 |
| Loan repayment | (107,952) |
| | 31,512 |
| **Net change in cash and cash equivalents** | **10,189** |
| Cash and cash equivalents at the beginning of the year | 24,303 |
| Cash and cash equivalents at the end of the period | 34,492 |

| Note 1 | 2024/25 £'000 |
|---|---|
| Cashflow from operating activities | |
| Operating surplus for the period | 18,697 |
| Adjustments for non cash items: | |
| Depreciation of tangible fixed assets | 60,821 |
| Movements in working capital | (13,383) |
| Movements in provisions | (23) |
| Adjustments for investing or financing activities: | |
| Government grants utilised in the year | (32,391) |
| Interest paid | 34,970 |
| Interest received | (88) |
| **Cashflow from operating activities** | **68,603** |

# Appendix 1: Wheatley Group Financial Report To September 2024 (Period 6)


1. Income & Expenditure
    a) Year-to-Date Executive Summary 2
2. RSL Borrower Group
    a-g) Year-to-Date results 4-12
3. Summary of RSL operating costs and margin v budget 13
4. Commercial Businesses 14
    a-b) Year-to-Date results 15-16
6. Wheatley Solutions 17
7. Wheatley Foundation 18
8. City Building Joint Venture 19
9. Wheatley Group consolidated Balance Sheet 20
10. Wheatley Group Q2 forecast 2024/25 21

# 1a) Wheatley Group – Period to September 2024

| | Period to 30 September 2024 | | | Full Year Budget £'000 |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | |
| **INCOME** | | | | |
| Net Rental Income | 176,422 | 175,767 | 655 | 352,784 |
| Grant income New Build | 32,643 | 32,994 | (351) | 79,557 |
| Grant income Other | 3,690 | 3,480 | 210 | 14,018 |
| Other Income | 21,734 | 21,294 | 440 | 41,006 |
| **Total Income** | **234,489** | **233,535** | **954** | **487,365** |
| **EXPENDITURE** | | | | |
| Employee Costs | 46,104 | 46,090 | (15) | 91,019 |
| ER/VR | 108 | 108 | - | 1,050 |
| Running Costs | 23,115 | 23,783 | 668 | 52,049 |
| Repairs & Maintenance | 45,988 | 46,832 | 844 | 88,887 |
| Bad debts | 1,459 | 2,272 | 813 | 4,542 |
| Depreciation | 60,821 | 60,821 | - | 122,109 |
| Demolition Programme | 249 | 261 | 12 | 523 |
| **Total Expenditure** | **177,842** | **180,166** | **2,324** | **360,179** |
| **NET OPERATING SURPLUS** | **56,647** | **53,369** | **3,278** | **127,186** |
| | 24.2% | 22.9% | | 26.1% |
| Net interest payable | (36,165) | (36,715) | 550 | (78,116) |
| **STATUTORY SURPLUS/(DEFICIT)** | **20,482** | **16,654** | **3,828** | **48,832** |

**Key highlights:**

Net operating surplus is £56,647k, £3,278k favourable to budget. A statutory surplus of £20,482k is reported, £3,828k favourable compared to budget. The variance to budget reflects additional net rental income, other income and reduced costs across expenditure.

Total income of £234,489k is £954k favourable to budget:

- Net rental income is £655k favourable to budget. Gross rental income is favourable due to the "cease to let" at Livingwell properties in Glasgow being slower than anticipated, resulting in £130k additional income to budget, and earlier than budgeted new build handovers in the East and South. In addition, rent loss on voids is £337k favourable with voids at 1.14% compared to the budgeted 1.33%.
- New build grant income recognised to date relates to 280 units completed (210SR and 70MMR). Overall grant income is £351k unfavourable with the completion of 40 units at Calton phase 1 budgeted for August now expected to complete in November and delays at West Craigs Ph3 (35SR and 8MMR) offset by early completion of 76SR and 11MMR units in WH East at Rosewell, Deans South, Blindwells, Westcraigs Ph1 & 2 and South Fort Street.
- Other grant income is £210k favourable to budget, with higher than budgeted renewable heat incentive grant income and Supporting People grant income from DGC in WH South and £152k of unbudgeted SHNZ income (with matched additional investment spend) for WH East and WH Glasgow.
- Other income is £440k favourable to budget, mainly arising in WH Glasgow with improved commercial void performance and higher wayleave income and additional factoring resale fees reported in Lowther.

Total expenditure of £177,842k is £2,324k favourable to budget:

- Employee costs (direct and group services) are marginally unfavourable to budget, and include the effect of the higher pay settlement in Wheatley Care.
- Running costs (direct and group services) are £668k favourable to budget attributable to value for money and cost efficiencies resulting in lower than budgeted group recharges from Wheatley Solutions of £530k and lower than budgeted direct costs of £138k which are mainly due to the timing of spend compared to budget at this point in the year.
- Revenue repairs and maintenance spend is £844k favourable to budget, with reduced spend noted across responsive repairs of £154k, mainly due to reduced average costs, and £690k reduced compliance spend across all RSL's, due to timing of spend. All legislative requirements have been met.
- Bad debts are £813k favourable to budget with a prudent provision set aside for increases in arrears.

Net Interest payable is £550k favourable to budget. Net interest payable includes unbudgeted interest received of £198k, mainly relating to interest received in Wheatley Foundation. Interest payable is £352k favourable to budget due to timing of drawn balances compared to budget and a lower interest rate on the variable loans compared to budget.

# 1a) Wheatley Group – Period to September 2024

| Capital Investment | Period to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | Budget £'000 |
| **CORE PROGRAMME** | | | | |
| SHNZ | 703 | 551 | 152 | 3,404 |
| Adaptations | 1,300 | 1,300 | 0 | 2,902 |
| **Grant Income** | **2,003** | **1,851** | **152** | **6,306** |
| Core Investment Programme | 22,425 | 23,221 | 796 | 47,699 |
| SHNZ | 703 | 551 | (152) | 3,404 |
| Adaptations | 1,888 | 1,909 | 21 | 4,184 |
| Voids | 7,451 | 8,142 | 691 | 14,087 |
| Capitalised Repairs | 5,618 | 5,346 | (272) | 11,697 |
| **Total Core Investment** | **38,085** | **39,169** | **1,084** | **81,071** |
| | | | | |
| **NET CORE INVESTMENT SPEND** | **36,082** | **37,318** | **1,236** | **74,765** |
| **NEW BUILD** | | | | |
| New Build Grant Income Received | 32,042 | 52,005 | (19,963) | 116,755 |
| New Build investment | 83,280 | 100,563 | 17,283 | 224,975 |
| **NET NEW BUILD INVESTMENT SPEND** | **51,238** | **48,558** | **(2,680)** | **108,220** |
| | | | | |
| **OTHER FIXED ASSET INVESTMENT SPEND** | **5,825** | **6,254** | **429** | **12,856** |
| | | | | |
| **TOTAL NET CAPITAL INVESTMENT SPEND** | **93,145** | **92,130** | **(1,015)** | **195,841** |

**Key highlights:**

Net capital expenditure of £93,145k is £1,015k unfavourable to budget.

- The net core investment spend was £1,236k favourable to budget with reduced spend in voids and the timing of the core investment programme works in the RSLs and Lowther, partially offset by increased capitalised repairs.
- Net new build spend is £2,680k unfavourable to budget with new build investment spend £17,283k lower than budget and grant income £19,963k lower than budget. Shawbridge Arcade is now on site with spend of £2,829k in the year to date, the grant for which will be claimed in 2025/26.
- New build grant income of £29,748k is £18,816k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen matching with the spend profile. There have also been reduced claims in WH East for Deans South Phase 2 and for grants received earlier in 2023/24 budgeted to be received in 2024/25 for Wallyford 5 A/B, Westcraigs Ph3 and Winchburgh BB partially offset by accelerated claims in WH East for Blindwells and Dalhousie South.
- Reduced new build spend reflects the delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood and reduced spend at Curries Yard due to accelerated spend in 2023/24 in WH South and delayed works at Deans South Ph2 and Wallyford 5 A/B in WH East. This underspend was offset by accelerated spend at sites in WH East including Blindwells, Sibbalds Brae and West Craigs Ph3 and additional spend at Springholm in WH South.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £429k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

# Wheatley Group Financial Report
# To September 2024 (Period 6)

## RSL Borrower Group

# 2a) RSL Borrower Group – Period to September 2024

| | Period to 30 September 2024 | | | Full Year Budget £'000 |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | |
| **INCOME** | | | | |
| Net Rental Income | 166,216 | 165,760 | 456 | 331,406 |
| Grant income New Build | 32,391 | 32,742 | (351) | 77,456 |
| Grant income Other | 3,690 | 3,480 | 210 | 14,018 |
| Other Income | 7,269 | 6,859 | 411 | 14,793 |
| **Total Income** | **209,566** | **208,841** | **726** | **437,673** |
| **EXPENDITURE** | | | | |
| Employee Costs | 33,140 | 33,172 | 32 | 65,458 |
| ER/VR | 108 | 108 | - | 1,050 |
| Running Costs | 17,601 | 18,166 | 565 | 36,926 |
| Repairs & Maintenance | 42,916 | 43,788 | 872 | 82,736 |
| Bad debts | 1,152 | 2,113 | 961 | 4,225 |
| Depreciation | 60,821 | 60,821 | - | 122,109 |
| Demolition Programme | 249 | 261 | 12 | 523 |
| **Total Expenditure** | **155,987** | **158,430** | **2,442** | **313,027** |
| **NET OPERATING SURPLUS** | **53,579** | **50,411** | **3,168** | **124,646** |
| | 25.6% | 24.1% | | 28.5% |
| Interest receivable | 88 | 64 | 24 | 118 |
| Interest payable | (34,970) | (35,322) | 352 | (75,329) |
| **STATUTORY SURPLUS/(DEFICIT)** | **18,697** | **15,153** | **3,544** | **49,435** |

**Key highlights:**

The operating surplus to 30 September is £53,579k, £3,168k favourable to budget. Statutory surplus of £18,697k is reported, £3,544k compared to budget. The variance to budget reflects additional net rental income and other income and reduced costs across all expenditure lines.

Total income of £209,566k is £726k favourable to budget:

- Net rental income is £456k favourable to budget. Gross rental income is favourable due to the “cease to let” at Livingwell properties in Glasgow being slower than anticipated, resulting in £130k additional income to budget, and earlier than budgeted new build handovers in the East and South. In addition, rent loss on voids is £162k favourable with voids at 1.16% compared to the budgeted 1.26%.
- New build grant income relates to 276 units completed (210SR and 66MMR) and is £351k unfavourable with the completion of 40SR units at Calton phase 1 budgeted for August now expected to complete in November and in WH East, delays at West Craigs Ph3 (35SR and 8MMR) offset by early completion of 76SR and 11MMR units at Rosewell, Deans South, Blindwells, Westcraigs Ph1 & 2 and South Fort Street.
- Other grant income is £210k favourable to budget, with higher than budgeted renewable heat incentive grant income and Supporting People grant income from DGC in WH South and £152k of unbudgeted SHNZ income (with matched additional investment spend) for WH East and WH Glasgow.
- Other income is £411k favourable to budget due to lower commercial voids, additional wayleave, solar panels and water rebate income received in WH Glasgow and additional MMR leasing income in WH East due to earlier than budgeted MMR property completions.

Total expenditure of £155,987k is £2,442k favourable to budget:

- Employee costs (direct and group services) are £32k favourable to budget due to a small number of vacancies in the budgeted structure being partially offset by additional spend from Wheatley Solutions for group employee costs.
- Running costs (direct and group services) are £565k favourable to budget mainly attributable to lower than budgeted group recharges of £476k due to with savings obtained in IT running costs and the timing of spend in other Solutions teams and savings in direct costs due to the timing of spend compared to the budget phasing..
- Revenue repairs and maintenance spend is £872k favourable to budget. Responsive repairs are £182k lower than budget across all RSLs and cyclical repairs are also £690k lower than budget due to timing of spend. All legislative requirements have been met.
- Bad debts are £961k favourable to budget with a prudent provision set aside for increases in arrears.

Interest payable is £352k favourable to budget due to timing of drawn balances compared to budget and a lower base rate on the variable loans compared to budget.

# 2a) RSL Borrower Group – Period to September 2024

Wheatley Group

| Capital Investment | Period to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £'000 | Budget £'000 | Variance £'000 | Budget £'000 |
| **CORE PROGRAMME** | | | | |
| SHNZ | 703 | 551 | 152 | 3,404 |
| Adaptations | 1,300 | 1,300 | 0 | 2,902 |
| **Grant Income** | **2,003** | **1,851** | **152** | **6,306** |
| Core Investment Programme | 22,277 | 22,972 | 695 | 46,352 |
| SHNZ | 703 | 551 | (152) | 3,404 |
| Adaptations | 1,888 | 1,909 | 21 | 4,184 |
| Voids | 7,451 | 8,142 | 691 | 14,087 |
| Capitalised Repairs | 5,618 | 5,346 | (272) | 11,697 |
| **Total Core Investment** | **37,937** | **38,920** | **983** | **79,724** |
| | | | | |
| **NET CORE INVESTMENT SPEND** | **35,934** | **37,069** | **1,135** | **73,418** |
| **NEW BUILD** | | | | |
| New Build Grant Income Received | 29,748 | 48,564 | (18,816) | 114,958 |
| New Build investment | 78,198 | 95,430 | 17,232 | 213,200 |
| **NET NEW BUILD INVESTMENT SPEND** | **48,450** | **46,866** | **(1,584)** | **98,242** |
| | | | | |
| **OTHER FIXED ASSET INVESTMENT SPEND** | **5,726** | **6,166** | **440** | **12,681** |
| | | | | |
| **TOTAL NET CAPITAL INVESTMENT SPEND** | **90,110** | **90,101** | **(9)** | **184,341** |

**Key highlights:**

Net capital expenditure of £90,110k is in line with budget.

- Net investment spend is £1,135k favourable to budget with reduced spend in voids and the timing of the core investment programme works compared to budget, partially offset by increased capitalised repairs and unbudgeted SHNZ spend (matched with the additional grant income). Capitalised repairs are higher than budget due to a number of higher value repairs being undertaken including roof, fencing, windows, asbestos and damp and rot jobs.
- Net new build spend is £1,584k unfavourable to budget with new build investment spend £17,232k below budget and grant income £18,816k below budget. Shawbridge Arcade, is now on site with spend of £2,829k in the year to date, the grant for this project will be claimed in 2025/26.
- New build grant income of £29,748k is £18,816k less than budget due to reduced claims made in WH Glasgow for Calton Phase 2, Sighthill Phase 2 and North Toryglen. There have also been reduced claims in WH East for Deans South Phase 2 and for grants received in 2023/24 budgeted to be received in 2024/25 for Wallyford 5 A/B, West Craigs Ph3 and Winchburgh BB partially offset by accelerated claims in WH East for Blindwells and Dalhousie South.
- Reduced new build spend reflects the delay in the works at Sighthill Phase 2, Calton Phase 2 and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood and reduced spend at Curries Yard due to accelerated spend in 2023/24 at WH South and delayed works at Deans South Ph2 and Wallyford 5 A/B in WH East. This underspend was offset by accelerated spend at sites in WH East including Blindwells, Sibbalds Brae and West Craigs Ph3 and additional spend at Springholm in WH South.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £440k is mainly due to the timing of spend on IT projects and the planned refurbishment of the NETS and concierge offices.

# 2b) RSL Borrower Group underlying surplus – Period to September 2024

The Wheatley Group and RSL Borrower Group operating Statement (Income and Expenditure Account) on pages 2 and 5 are prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

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

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

An underlying surplus of £9,190k has been reported for the period to 30 September 2024. The surplus includes rental from the earlier than budgeted completions, higher levels of non rental income, reduced spend across operating expenditure and lower net interest costs. The timing of core investment works to the budgeted programme has also contributed.

| Borrower Group Underlying Surplus - September 2024 | | | | |
|---|---|---|---|---|
| | YTD Actual £ks | YTD Budget £ks | YTD Variance £ks | FY Budget £ks |
| Net Operating Surplus | 53,579 | 50,411 | 3,168 | 124,646 |
| add back: | | | | |
| Depreciation | 60,821 | 60,821 | 0 | 122,109 |
| less: | | | | |
| Grant Income | (32,391) | (32,742) | 351 | (77,456) |
| Net interest payable | (34,882) | (35,258) | 376 | (75,329) |
| Total Core investment | (37,937) | (38,920) | 983 | (79,724) |
| **Underlying surplus** | **9,190** | **4,312** | **4,878** | **14,246** |

# 2c) Wheatley Homes Glasgow – Period to September 2024

Wheatley Homes Glasgow

| | Period To September 2024 Actual £ks | Budget £ks | Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 113,063 | 112,897 | 166 | 225,333 |
| Void Losses | (1,314) | (1,347) | 33 | (2,693) |
| Net Rental Income | 111,749 | 111,550 | 199 | 222,640 |
| Grant Income New Build | 0 | 4,209 | (4,209) | 20,527 |
| Grant Income Other | 1,952 | 1,866 | 86 | 8,000 |
| Other Income | 5,743 | 5,512 | 231 | 14,823 |
| **Total Income** | **119,444** | **123,137** | **(3,693)** | **265,990** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 16,419 | 16,433 | 14 | 32,504 |
| Employee Costs - Group Services | 8,228 | 8,194 | (34) | 15,922 |
| ER / VR | 108 | 108 | 0 | 840 |
| Direct Running Costs | 7,067 | 7,066 | (1) | 14,292 |
| Running Costs - Group Services | 4,234 | 4,576 | 342 | 9,564 |
| Revenue Repairs and Maintenance | 31,628 | 31,780 | 152 | 58,089 |
| Bad debts | 782 | 1,311 | 529 | 2,622 |
| Depreciation | 42,140 | 42,140 | 0 | 84,281 |
| Demolition | 6 | 0 | (6) | 0 |
| **TOTAL EXPENDITURE** | **110,612** | **111,608** | **996** | **218,114** |
| **NET OPERATING SURPLUS / (DEFICIT)** | **8,832** | **11,529** | **(2,697)** | **47,876** |
| *Net operating margin* | *7.4%* | *9.4%* | *-2.0%* | 18% |
| Interest payable & similar charges | (24,504) | (24,490) | (14) | (54,332) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(15,672)** | **(12,961)** | **(2,711)** | **(6,456)** |

| **INVESTMENT** | Period To September 2024 Actual £ks | Budget £ks | Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **Total Capital Investment Income** | **10,402** | **23,345** | **(12,943)** | **50,977** |
| Investment Programme Expenditure | 26,720 | 26,911 | 191 | 53,829 |
| New Build Programme | 22,672 | 34,728 | 12,056 | 85,317 |
| Other Capital Expenditure | 4,595 | 4,651 | 56 | 8,946 |
| **TOTAL CAPITAL EXPENDITURE** | **53,987** | **66,290** | **12,303** | **148,092** |
| **NET CAPITAL EXPENDITURE** | **43,585** | **42,945** | **(640)** | **97,115** |

**Key highlights:**

Net operating surplus of £8,832k, is £2,697k unfavourable to budget. Statutory deficit for the period is £15,672k, £2,711k unfavourable to budget. The unfavourable outturn relates the timing of new build completions compared to the budgeted profile offset by additional other income and a favourable expenditure position compared to budget.

- Net Rental income is £199k favourable to budget. Gross rental income includes £130k additional income from two Livingwell properties. A "cease to let" was approved by the Board in September 2022, however the properties have cleared slower than anticipated.
- New build grant income reports an unfavourable variance of £4,209k, with completion of 40 units at Calton phase 1 budgeted for August now expected to complete in November.
- Other grant income includes £86k of unbudgeted SHNZ grant income with corresponding costs in Investment programme expenditure.
- Other income is £231k favourable to budget linked to commercial void performance being favourable to budget and higher Wayleave and Solar Panel income, reflecting the prudent budget set.
- Total employee costs (direct and group services) are £20k unfavourable to budget with additional spend from Wheatley Solutions for group employee costs contributing to the variance.
- Total running costs (direct and group services) are £341k favourable to budget. Direct costs are in line with budget. Group recharges are £342k favourable to budget with savings obtained in IT running costs and the timing of spend in other Solutions teams
- Revenue repairs and maintenance spend is £152k favourable to budget. Responsive repairs are £42k lower than budget. Compliance spend reports £173k favourable variance due to the timing of the programme.
- Bad debts are £529k favourable to budget. A prudent approach was taken when setting the budget.

Net capital expenditure of £43,585k is £640k higher than budget.

- Capital investment income (grants) is £12,943k lower than budget mainly due to the timing of spend at Calton Phase 2 and Sighthill Phase 2, and at North Toryglen where the grant will be claimed in 2025/26.
- Investment programme spend is £191k favourable to budget with lower spend in capitalised voids, partly offset by additional capitalised repairs spend.
- New build spend is £12,056k lower than budget, following a delay in the works at Sighthill Phase 2, a delayed site start at North Toryglen as well as lower spend at Calton Phase 2.
- Other capital expenditure of £4,595k is £56k lower than budget with higher spend on the concierge office refurbishment programme offset by the timing of IT project spend.

# 2d) Loretto Housing – Period to September 2024

| | Period To 30 September 2024 Actual £k | Budget £k | Variance £k | Full Year Budget £k |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 8,539 | 8,545 | (6) | 17,103 |
| Void Losses | (160) | (214) | 54 | (423) |
| **Net Rental Income** | **8,379** | **8,331** | **48** | **16,680** |
| **Grant Income** | **0** | **0** | **0** | **5,766** |
| **Other Grant Income** | **37** | **37** | **0** | **117** |
| **Other Income** | **55** | **56** | **(1)** | **815** |
| **Total Income** | **8,471** | **8,424** | **47** | **23,378** |
| | | | | |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 625 | 625 | 0 | 1,246 |
| Employee Costs - Group Services | 448 | 446 | (2) | 885 |
| ER / VR | 0 | 0 | 0 | 0 |
| Direct Running Costs | 898 | 946 | 48 | 1,905 |
| Running Costs - Group Services | 224 | 243 | 19 | 507 |
| Revenue Repairs and Maintenance | 2,130 | 2,165 | 35 | 4,464 |
| Bad debts | 68 | 86 | 18 | 172 |
| Depreciation | 3,559 | 3,559 | 0 | 7,156 |
| **TOTAL EXPENDITURE** | **7,952** | **8,070** | **118** | **16,335** |
| | | | | |
| **OPERATING SURPLUS / (DEFICIT)** | **519** | **354** | **165** | **7,043** |
| *Net operating margin* | *6.1%* | *4.2%* | *1.9%* | |
| Interest Payable | (1,825) | (1,956) | 131 | (4,157) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(1,306)** | **(1,602)** | **296** | **3,124** |

| | Period To 30 September 2024 Actual £k | Budget £k | Variance £k | Full Year Budget £k |
|---|---|---|---|---|
| **INVESTMENT** | | | | |
| **Total Capital Investment Income** | **4,425** | **7,726** | **(3,301)** | **14,933** |
| **Investment Programme** | 2,030 | 1,912 | (118) | 3,496 |
| **New Build Programme** | 9,301 | 12,322 | 3,021 | 24,959 |
| **Other Capital Expenditure** | 115 | 194 | 79 | 387 |
| **TOTAL CAPITAL EXPENDITURE** | **11,446** | **14,428** | **2,982** | **28,842** |
| | | | | |
| **NET CAPITAL EXPENDITURE** | **7,021** | **6,702** | **(319)** | **13,909** |

Loretto Housing

**Key highlights:**

Net operating surplus of £519k is £165k favourable to budget. Statutory deficit for the period is £1,306k and is £296k favourable to budget with the main drivers being the favourable position on void losses, operating costs and interest payable.

- Net rental income is £48k favourable to budget due to lower than budgeted voids. Void losses in the period are £54k favourable with a rate of 1.87% against a budget of 2.50%.
- Total running costs are £67k favourable to budget, linked to savings in cleaning and council tax on voids, the timing of direct spend and lower group recharges with savings obtained in IT running costs and the timing of spend in other Solutions teams.
- Revenue repairs and maintenance is £35k favourable to budget. Responsive repairs are £81k favourable to budget offset by compliance spend which is £46k higher than budget due to timing of the programme.
- Bad debts are £18k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £131k favourable due to the timing of loan drawdowns compared to budget and the lower interest rate compared to that assumed.

Net capital expenditure of £7,021k is £319k higher than budget.

- Capital investment income (grant) is £3,301k lower than budget due to the phasing of new build grant claims; Constarry Road and Bank street have claimed higher grants YTD than budgeted which is offset with Forfar, which is not yet on site, and for South Crosshill, which was received in full in the prior year.
- New build spend is £3,021k lower than budget due to the timing of spend for Forfar and Duke Street, which is partially offset with spend at South Crosshill, Bank Street and Constarry Road being ahead of budget.
- Investment programme expenditure of £2,030k relates to core programme works, capitalised repairs and voids. Capitalised repairs and void repairs both report spend slightly higher than budget in the year to date.
- Other capital expenditure of £115k relates to Loretto's contribution to Wheatley Group IT costs, with the favourable position reflecting the timing of IT projects being undertaken.

# 2e) Wheatley Homes East – Period to September 2024

| | Year to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £k | Budget £k | Variance £k | Budget £k |
| **INCOME** | | | | |
| Rental Income | 20,962 | 20,904 | 58 | 42,007 |
| Void Losses | (319) | (292) | (27) | (563) |
| **Net Rental Income** | **20,643** | **20,612** | **31** | **41,444** |
| Grant Income Recognised in the Year | 15,973 | 12,115 | 3,858 | 34,745 |
| Other Grant Income | 368 | 302 | 66 | 604 |
| Other Income | 1,835 | 1,797 | 38 | 7,324 |
| **TOTAL INCOME** | **38,819** | **34,826** | **3,993** | **84,117** |
| | | | | |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 2,368 | 2,316 | (52) | 4,621 |
| Employee Costs - Group Services | 1,309 | 1,304 | (5) | 2,586 |
| ER/VR | 0 | 0 | 0 | 0 |
| Direct Running Costs | 2,440 | 2,455 | 15 | 4,910 |
| Running Costs - Group Services | 753 | 813 | 60 | 1,700 |
| Revenue Repairs and Maintenance | 3,356 | 3,382 | 26 | 7,138 |
| Bad Debts | 188 | 188 | 0 | 375 |
| Depreciation | 7,402 | 7,402 | 0 | 15,231 |
| **TOTAL EXPENDITURE** | **17,816** | **17,860** | **44** | **36,561** |
| | | | | |
| **NET OPERATING SURPLUS** | **21,003** | **16,966** | **4,037** | **47,556** |
| *Net Operating Margin* | *54%* | *49%* | *5%* | *57%* |
| | | | | |
| Interest payable & similar charges | (4,940) | (5,061) | 122 | (9,360) |
| **STATUTORY SURPLUS** | **16,063** | **11,904** | **4,159** | **38,221** |

| | Year to 30 September 2024 | | | Full Year |
|---|---|---|---|---|
| | Actual £k | Budget £k | Variance £k | Budget £k |
| **INVESTMENT** | | | | |
| **Total Capital Investment Income** | **15,878** | **17,337** | **(1,459)** | **32,744** |
| | | | | |
| Investment Programme Expenditure | 3,598 | 3,693 | 95 | 6,966 |
| New Build & Other Investment | 42,067 | 42,869 | 802 | 87,201 |
| Other Capital Expenditure | 460 | 605 | 145 | 1,211 |
| **TOTAL CAPITAL EXPENDITURE** | **46,125** | **47,167** | **1,042** | **95,378** |
| | | | | |
| **NET CAPITAL EXPENDITURE** | **30,247** | **29,830** | **(417)** | **62,634** |

### Key highlights:

Net operating surplus of £21,003k is £4,037k favourable to budget. Statutory surplus for the period is £16,063k, £4,159k favourable to budget with the earlier than budgeted release of grant income on new build completions the key driver of the variance.

- Gross rental income is £58k favourable to budget due to additional rental income from earlier than budgeted new build completions. Void losses of £319k are £27k adverse to budget due to higher voids at supported sites and the Harbour.
- Grant income recognised is £3,858k favourable to budget due to the earlier than budgeted completions. Units completed ahead of budget include Westcraigs Ph1&2 (11MMR), Rosewell (25SR), South Fort (11 SR), Deans South (17SR) and Blindwells (23SR). This is offset by delays at Westcraigs Ph3 (35SR & 8MMR).
- Other grant income of £368k includes £66k of unbudgeted SHNZ grant income with corresponding costs in Investment spend below.
- Other income of £1,835k is £38k favourable to budget and includes lease income from Lowther for the earlier than budgeted completions of MMR properties at Westcraigs and South Fort.
- Total employee costs are £57k unfavourable to budget. Direct employee costs are £52k unfavourable to budget, due to an additional project worker post at the Harbour as well as an increase in agency staffing costs at this service. Group employee costs are £5k unfavourable to budget due to changes within budgeted structures in Wheatley Solutions.
- Total running costs are £75k favourable to budget and includes group running costs £60k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £26k favourable to budget with responsive repairs £22k favourable and cyclical maintenance £4k favourable due to timing of spend.

Net interest payable of £4,940k includes interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is favourable to budget due to the timings of drawdowns compared to budget and lower interest rates than assumed in the budget

Net capital expenditure of £30,247k is £417k higher than budget.

- Capital investment income is £1,459k lower than budget due to lower grant claims at Deans South Ph2 following a revised grant drawdown profile in 2025/26 and earlier claims made in 2023/24 for Wallyford 5 A/B, Winchburgh BB and West Craigs Ph3. This unfavourable position was partly offset by additional claims for Blindwells and Dalhousie South Ph1.
- Core programme spend is £95k favourable to budget, mainly due to lower than budgeted spend on capitalised voids.
- New build spend of £42,067k is £802k lower than budget due to later than budgeted start dates at Deans South Ph2 and reduced spend at West Craigs Ph1 & 2, Winchburgh BB and Wallyford 5 A/B. The reduced spend was partly offset by accelerated spend at Blindwells, which was budgeted as a development project in WDS but now delivered as a turnkey project with the completed units acquired by WH East directly, Sibbalds Brae and West Craigs Ph3.
- Other capital expenditure of £460k is £145k lower than budget due to timing of IT spend.

# 2f) Wheatley Homes South – Period to September 2024

| OPERATING STATEMENT | Period to September 2024 Actual £ks | Budget £ks | Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 25,604 | 25,528 | 76 | 51,163 |
| Void Losses | (159) | (261) | 102 | (521) |
| **Net Rental Income** | **25,445** | **25,267** | **178** | **50,642** |
| Grant Income | 16,418 | 16,418 | 0 | 16,418 |
| Other Grant Income | 1,333 | 1,275 | 58 | 5,297 |
| Other Income | 605 | 588 | 17 | 2,152 |
| **TOTAL INCOME** | **43,801** | **43,549** | **253** | **74,508** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 2,530 | 2,643 | 113 | 5,277 |
| Employee Costs - Group Services | 1,775 | 1,769 | (6) | 3,508 |
| ER/VR | 0 | 0 | 0 | 210 |
| Direct Running Costs | 1,258 | 1,285 | 27 | 2,651 |
| Running Costs - Group Services | 1,022 | 1,103 | 81 | 2,305 |
| Revenue Repairs and Maintenance | 5,893 | 6,677 | 784 | 13,122 |
| Bad debts | 114 | 528 | 414 | 1,056 |
| Depreciation | 7,720 | 7,720 | 0 | 15,441 |
| Demolition and compensation | 243 | 261 | 18 | 523 |
| **TOTAL EXPENDITURE** | **20,555** | **21,986** | **1,431** | **44,093** |
| **NET OPERATING SURPLUS** | **23,246** | **21,562** | **1,684** | **30,415** |
| *Net operating margin* | *53%* | *50%* | *4%* | *41%* |
| Interest receivable | 66 | 15 | 51 | 30 |
| Interest payable & similar charges | (3,684) | (3,766) | 82 | (7,417) |
| **STATUTORY SURPLUS** | **19,628** | **17,811** | **1,817** | **23,028** |

| INVESTMENT | Actual £ks | Budget £ks | Variance £ks | Budget £ks |
|---|---|---|---|---|
| **TOTAL CAPITAL INVESTMENT INCOME** | **1,047** | **2,007** | **(960)** | **16,304** |
| Capital Investment spend | 5,760 | 6,510 | 750 | 15,432 |
| New Build Programme | 7,188 | 9,487 | 2,299 | 24,207 |
| Other Fixed Assets | 556 | 716 | 160 | 2,137 |
| **TOTAL INVESTMENT EXPENDITURE** | **13,504** | **16,713** | **3,208** | **41,776** |
| **NET CAPITAL EXPENDITURE** | **12,457** | **14,706** | **2,249** | **25,472** |

Wheatley Homes South

**Key highlights :**

Net operating surplus of £23,246k is £1,684k favourable to budget. Statutory surplus for the period is £19,628k, is £1,817k favourable with lower spend across expenditure lines contributing to the favourable position.

- Net rental income is £178k higher than budget. Void losses are £102k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £76k higher due to unbudgeted rental income from earlier handover of Curries Yard and the deferred Lochside clearance.
- Grant income is in line with budget following the completion of 54 units at Curries Yard and 47 units at Springholm, all for social rent.
- Other grant income is £58k favourable to budget due to higher than budgeted renewable heat incentive (RHI) grant income and higher Supporting People grant income from DGC.
- Other income is £17k favourable to budget due to unbudgeted procurement rebate, partly offset by lower garage income and two void commercial properties.
- Total employee costs (direct and group services) are £107k favourable to budget, due to the timing of staff changes, partly offset by additional spend from Wheatley Solutions for Group employee costs.
- Total running costs (direct and group services) are £108k favourable to budget primarily due to several departments reporting lower costs across Wheatley Solutions
- Repairs costs are £784k favourable to budget. Responsive repairs are £225k favourable to budget with less complex jobs reducing the overall cost per job. Cyclical, gas maintenance and compliance are also all favourable to budget due to timing of spend compared to budget, this is expected to catch up in the second half.
- Bad debts are £414k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs includes two buy backs at Armour Drive (Summerhill) and the demolition costs at Ecclefechan with all 12 units at Ecclefechan now demolished.

Interest payable of £3,684k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The £82k favourable variance is due to lower drawdowns than budgeted and lower interest rates than assumed in the budget.

Net capital expenditure of £12,457k is £2,249k lower than budget.

- Capital investment income is £960k lower than budget. New build grant income is unfavourable to budget due to a delayed start at Ashwood Drive and College Mains. Grant income received relates to Johnstonebridge.
- Total capital investment spend of £5,760k is £750k lower than budget, mainly due to the timing of spend on core investment spend.
- New Build expenditure is £2,299k lower due to later than budgeted start dates at Ashwood Drive and Newington. Curries Yard, now complete and fully handed over, is also under budget due to additional spend in 2023/24. This is partially offset by additional spend in Springholm.
- Other capital expenditure of £556k is £160k lower than budget due to timing of IT spend.

[redacted]

[redacted]

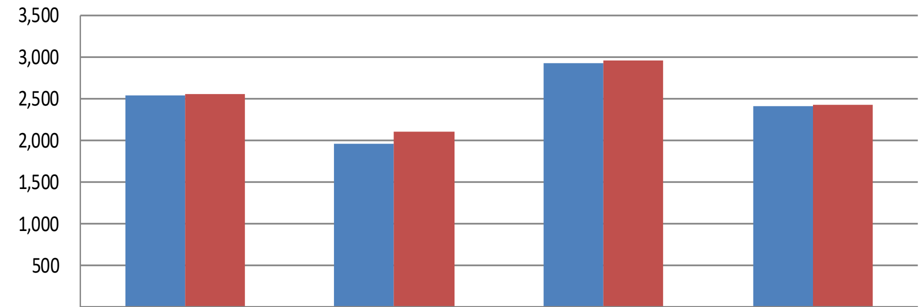
[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

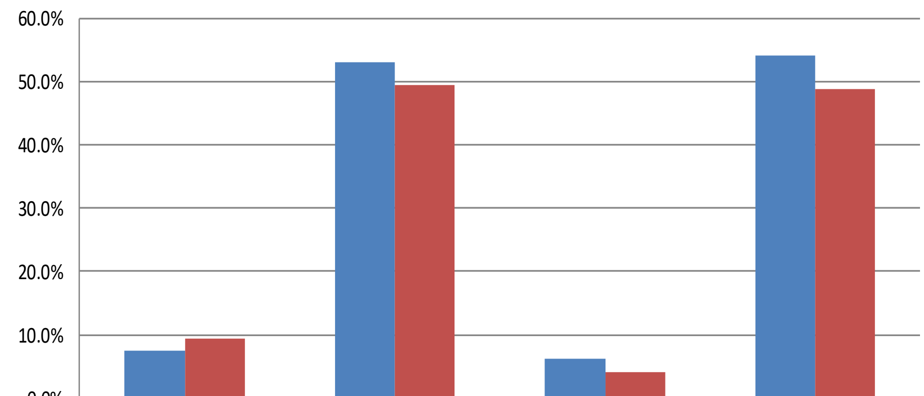
# 3) Summary of RSL operating costs and margin v budget

**Operating costs per unit £**
**YTD**




| | WH-Glasgow | WHSouth | LHA | WHEast |
|---|---|---|---|---|
| Actual | 2,535 | 1,962 | 2,922 | 2,414 |
| Budget | 2,557 | 2,099 | 2,966 | 2,420 |

**Net operating margin**




| | WH-Glasgow | WHSouth | LHA | WHEast |
|---|---|---|---|---|
| Actual | 7.4% | 53.1% | 6.1% | 54.1% |
| Budget | 9.4% | 49.5% | 4.2% | 48.7% |

**Operating costs per unit:**

- At September 2024 operating costs per unit are lower than budget for all RSL's. This lower unit cost variance is attributable to the lower expenses and bad debts.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.

**Net operating margin**

- Net operating margin is favourable to budget in all RSL's with the exception of WH Glasgow due to a delay in the release of new build grants.
- Similar to operating costs, the variances across expenditure lines is impacting margins in the RSLs.

# Wheatley Group Financial Report
# To September 2024 (Period 6)

## Non RSL entities

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Wheatley Care

[redacted]



[redacted]

[redacted]

Lowther

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Wheatley Solutions

| EXPENDITURE | Sept 2024 Actual £ks | Sept 2024 Budget £ks | Sept 2024 Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| Employee costs | | | | |
| Executive Team | 504 | 492 | (12) | 981 |
| Employee Relations and WFP | 1,072 | 1,072 | 0 | 2,138 |
| Marketing and Communications | 407 | 407 | 0 | 812 |
| Assurance | 339 | 336 | (3) | 667 |
| Academy | 322 | 322 | 0 | 641 |
| Finance | 1,412 | 1,412 | 0 | 2,822 |
| Governance | 976 | 960 | (16) | 1,914 |
| Information Technology | 1,148 | 1,148 | 0 | 2,281 |
| Litigation | 418 | 408 | (10) | 812 |
| Customer First Centre | 4,099 | 4,106 | 7 | 8,154 |
| My Repairs | 1,256 | 1,238 | (18) | 2,429 |
| Property | 646 | 646 | 0 | 1,279 |
| GDRT | 205 | 205 | 0 | 407 |
| Total employee costs | 12,647 | 12,595 | (52) | 24,970 |
| Running costs | | | | |
| Executive Team | 14 | 91 | 77 | 181 |
| Employee Relations and WFP | 398 | 423 | 25 | 957 |
| Marketing and Communications | 75 | 88 | 13 | 273 |
| Assurance | 4 | 13 | 10 | 80 |
| Academy | 196 | 250 | 54 | 535 |
| Finance | 542 | 580 | 38 | 1,237 |
| Governance | 469 | 554 | 85 | 1,108 |
| Information Technology | 3,691 | 3,969 | 278 | 8,262 |
| Litigation | 198 | 143 | (55) | 285 |
| Customer First Centre | 112 | 120 | 8 | 239 |
| My Repairs | 59 | 66 | 7 | 131 |
| Property | 839 | 843 | 4 | 1,651 |
| GDRT | 11 | 16 | 5 | 31 |
| Total running costs | 6,607 | 7,156 | 549 | 14,968 |
| Regulated insurance activities | 3,228 | 3,228 | 0 | 6,456 |
| Head office costs | 982 | 982 | 0 | 1,964 |
| TOTAL EXPENDITURE | 23,464 | 23,961 | 497 | 48,358 |

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Wheatley Group

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# 8) Wheatley Group – Consolidated Balance Sheet

| | As at 30 September 2024 £ks | As at 31 March 2024 £ks |
|---|---|---|
| **Fixed Assets** | | |
| Social Housing Properties | 2,999,542 | 2,935,892 |
| Investment properties | 277,795 | 309,971 |
| Other tangible fixed assets | 113,854 | 78,829 |
| Investments -other | 116 | 116 |
| **Fixed Assets** | **3,391,307** | **3,324,808** |
| **Current Assets** | | |
| Stock | 2,194 | 1,926 |
| Trade debtors | 4,348 | 4,170 |
| Rent & Service charge arrears | 17,221 | 20,935 |
| less: Provision for rent arrears | (10,975) | (10,654) |
| Prepayments and accrued income | 14,493 | 10,073 |
| Other debtors | 19,083 | 25,019 |
| | **46,364** | **51,469** |
| Bank & Cash | 43,581 | 36,305 |
| **Current Assets** | **89,945** | **87,774** |
| **Current Liabilities** | | |
| Trade Liabilities | (12,847) | (20,265) |
| Accruals | (47,553) | (52,937) |
| Deferred income | (92,275) | (57,553) |
| Rents & service charges in advance | (16,379) | (23,974) |
| Bank Loans | (31,176) | (33,503) |
| Other creditors | (19,948) | (24,175) |
| | **(220,178)** | **(212,407)** |
| **Net Current Assets** | **(130,233)** | **(124,633)** |
| **Long Term Liabilities** | | |
| Contingent efficiencies grant | (46,280) | (46,280) |
| Bank finance | (1,353,981) | (1,280,555) |
| Bond finance | (300,000) | (300,000) |
| Provisions | (11,656) | (11,679) |
| Deferred income | (46,605) | (79,591) |
| Pension liability | (8,405) | (8,405) |
| **Long Term Liabilities** | **(1,766,927)** | **(1,726,510)** |
| **Net Assets** | **1,494,147** | **1,473,665** |
| **Funding Employed** | | |
| **Capital & Reserves** | | |
| Share Capital | 0 | 0 |
| Retained Income b/fwd | 720,296 | 723,098 |
| Income & Expenditure | 20,482 | (2,802) |
| Revaluation Reserves | 753,369 | 753,369 |
| **Funding Employed** | **1,494,147** | **1,473,665** |

**Key highlights:**

- The Balance Sheet as at 31 March 2024 reflects the audited position.

At 30 September 2024:

- The movement in fixed assets reflects investment in the core programme, the new build programme, and other fixed asset additions, less depreciation to date.
- Current assets (excluding cash) have decreased by £5.1m since March 2024. £4m relates to a decrease in rent arrears due to timing of receipt of Housing Benefit and a decrease of £1.5m in other debtors and prepayments and £0.2m increase in trade debtors due to timing.
- Bank and Cash of £43.6m includes deposits in transit and outstanding payments showing in the bank after the month end.
- Current liabilities are £7.5m higher than the year end position. An increase in deferred income of £34.7m (corresponding decrease in long term creditors) is partly offset by decreases of £7.4m in trade creditors, a decrease of £7.6m in prepaid rents and service charges due to the timing of the receipt of housing benefit, the repayment of £2.3m bank loans and a decrease in accruals and other creditors of £9.8m due to timing of invoices being raised for costs.
- Long term liabilities at 30 September 2024 are £40.4m higher than the year end position due to £73.4m additional loans received to finance the developments across the RSL's and £33.0m decrease in deferred income with a compensating increase in current liabilities as grant received for new build projects becomes due for release within 12 months.
- Income and expenditure of £20,482k relates to the group surplus for the period.

# 9a) Wheatley Group – Q2 Forecast 2024/25

| | FULL YEAR | | |
|---|---|---|---|
| | Budget £000 | Forecast £000 | Variance £000 |
| **INCOME** | | | |
| Net Rental Income | 352,784 | 353,304 | 520 |
| Grant Income New Build | 79,557 | 81,007 | 1,450 |
| Grant Income Other | 14,018 | 14,488 | 470 |
| Other Income | 41,007 | 41,517 | 510 |
| **Total Group Income** | **487,366** | **490,316** | **2,950** |
| **EXPENDITURE** | | | |
| Employee Costs | 91,019 | 91,239 | (220) |
| ER/VR | 1,050 | 1,050 | - |
| Running Costs | 52,051 | 52,251 | (200) |
| Repairs & Maintenance | 88,886 | 89,738 | (852) |
| Bad debts | 4,542 | 4,542 | - |
| Depreciation | 122,109 | 122,109 | - |
| Demolition | 523 | 523 | - |
| **Total Group Expenditure** | **360,180** | **361,452** | **(1,272)** |
| **NET OPERATING SURPLUS** | **127,186** | **128,864** | **1,678** |
| Net operating margin | 26.1% | 26.3% | 0.2% |
| Net Interest Payable | (78,116) | (77,116) | 1,000 |
| **STATUTORY SURPLUS** | **49,070** | **51,748** | **2,678** |

| INVESTMENT | FULL YEAR | | |
|---|---|---|---|
| | Budget £000 | Forecast £000 | Variance £000 |
| Total Capital Investment Income | (123,061) | (70,444) | (52,617) |
| Core Investment Programme | 81,071 | 85,258 | (4,187) |
| New Build Programme | 224,975 | 178,048 | 46,927 |
| Other fixed assets | 12,856 | 12,856 | - |
| **NET CAPITAL INVESTMENT SPEND** | **195,841** | **205,718** | **(9,877)** |

**Key highlights:**

The Group forecast full year out-turn at Quarter 2 shows a net operating surplus of £128.9m, which is £1.7m favourable to budget and a statutory surplus of £51.8m, which is £2.7m favourable to budget.

The adjusted EBITDA after excluding grant income on new build completions and capital investment is forecast to be £78.7m compared to an EBITDA of £82.7m budgeted, a £4.0m unfavourable variance, driven by the additional £3.8m for investment agreed following the covenant change.

Total income is forecast to be £3.0m higher than budget:

- Net rental income is forecast to be £0.5m favourable to budget and includes the impact of the timing of new build completions across the RSLs and the favourable void performance in Lowther.
- New Build grant income is expected to be £1.5m favourable to budget due to GCC awarding additional grant funding for the Calton Ph1 development, linked to tenure change from MMR to SR for 32 properties.
- Other grant income is expected to be £0.5m favourable to budget with an overall increase in the SHNZ grant funding following the final approval of grant for energy efficiency works (corresponding investment costs recognised in the Core Investment programme line below). This is partly offset by reduced adaptation grants of £0.4m (with a corresponding reduction in Investment costs).
- Other income is forecast to be £0.5m favourable to budget with £0.6m additional external funding secured for Foundation (with corresponding increased running costs recognised) and additional factoring resale income in Lowther, offset by reduced income in Wheatley Care based on service hours to be delivered.

Total expenditure is expected to be £1.3m higher than budget.

- Employee costs are forecast to be £0.2m higher than budget reflecting the implementation of the Neighbour Environmental Improvement Team to support delivery of the Strategic Asset Investment Plan in Glasgow.
- Running costs are forecast to be £0.2m higher than budget with £0.4m savings [redacted].
- Repairs and maintenance costs are forecast to be £0.9m higher. The favourable position at September 2024 is expected to unwind as cyclical programme spend aligns to budget. The additional spend forecast relates to £0.8m for our MSF fire door inspection programme in line with Scottish Government guidance and in keeping with our commitment to effective fire prevention and mitigation.
- Net interest payable is forecast to be £1m lower than budget with interest payable £0.6m favourable linked to the impact of the new private placement funding interest rate being less than budgeted. An additional £0.4m interest receivable is forecast.

Net capital expenditure is forecast to be £9.9m higher than budget.

- Within capital investment income, new build grant income has reduced by £53.0m reflecting grant received in 2023/24 but budgeted for in 2024/25, movements in the timing of the delivery of the new build programme for a number of sites across all our RSLs. An additional £0.8m of SHNZ grant has been recognised following the final approval of projects and adaptation grants have reduced £0.4m following confirmation of the grant awards
- The core investment programme is £4.2m higher than budget recognising the additional £3.8m spend on core investment programme the capacity for which was created through our interest cover covenant change and additional SHNZ work and the reduced adaptation work.
- The new build development spend is forecast to be £46.9m lower than budget with the main reductions noted in Sighthill Ph2, North Toryglen, Kelvin Wynd and Calton Village Ph2 & Ph3 in WH Glasgow, Forfar Avenue in Loretto, at Corsbie Road and College Mains in WH South and Wallyford Area 5, Deans South Ph2, Winchburgh Ph3, West Craigs Ph 1 and Charlesfield in WH East. Accelerated spend is also noted in WH Glasgow at Shawbridge Arcade, South Crosshill Road in Loretto, and Dalhousie South in WH East. Spend at Shawbridge Arcade, North Toryglen and Deans South Ph2 has been forecast in the year with the grant confirmed as claimable from 2025/26.

# 9b) Wheatley Group underlying surplus – Q2 Forecast 2024/25

Wheatley Group

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

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

The chart below therefore shows a measure of underlying surplus in the full Group Q2 forecast out-turn which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties.

An underlying surplus of £1,592k has been forecast for the financial year 2024/25, a reduction of £2,959k to budget. The variance is due to the additional investment spend agreed as part of our covenant changes and higher levels of SHNZS work funded by a higher level of Scottish Government grant., which goes towards meeting our objective to provide high quality housing and invest to improve the energy efficiency of our homes. This is in conjunction with additional revenue repairs spend on fire safety and additional costs to support the formation of the Neighbourhood Environmental Improvement Team to deliver environmental work in our Glasgow communities. This is partly offset by the reduction in the loan interest.

**Full Group Underlying Surplus**

| | Budget £ks | Forecast £ks | YTD Variance £ks |
|---|---|---|---|
| Net Operating Surplus | 127,186 | 128,864 | 1,678 |
| | | | |
| add back: | | | |
| Depreciation | 122,109 | 122,109 | 0 |
| | | | |
| less: | | | |
| Grant Income | (85,557) | (87,007) | (1,450) |
| Net interest payable | (78,116) | (77,116) | 1,000 |
| Total Core investment | (81,071) | (85,258) | (4,187) |
| | | | |
| Underlying surplus | **4,551** | **1,592** | **(2,959)** |