



WHEATLEY HOUSING GROUP LIMITED

SC426094

MEETING OF BOARD OF DIRECTORS

BY VIDEOCONFERENCE

on Wednesday 24 February 2021 at 14.00

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

In Attendance: Anthony Allison (Director of Governance), Steven Henderson (Group Director of Finance), Stephen Devine (Director of Business Growth – item 5 only), Alex Adrain (Managing Director, Wheatley 360 – item 6 only), Stuart Cameron (Police Scotland – item 6 only), Olga Clayton (Group Director of Housing and Care - item 7 only), Laura Pluck (Managing Director, Wheatley Care – item 8 only), Tom Barclay (Group Director of Property and Development- item 9 only), David Fletcher (Director of Development – item 9 only).

1. Directors not in attendance

The Chair declared that a quorum was present. It was noted that due to the ongoing Coronavirus pandemic, we are operating with a dual-approach to Board meetings with the non-attending members having participated in a discussion of the papers earlier in the day.

2. Declarations of Interest

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

3. Minutes of meeting held on 16 December 2020

Decided: The Board approved the minute of 16 December 2020.

4. Group CEO update

The Board received an update on a range of matters including: a strategic acquisition; our Green Investment Plan; Scottish Government Affordable Housing funding; and the level of financial support we have provided tenants and customers.

The Board noted the updates.

5. Cube Strategic review update

[redacted]

6. Cube Wyndford CIP deployment

The Board received a presentation on the recent CIP deployment in the Wyndford, including: the customer priorities we were responding to; the engagement and deployment approach; the results of the intervention; and how we will seek to sustain improvements.

The Board strongly welcomed the improvements delivered and how they reflect priorities identified by Cube customers. The Board further discussed how we ensure that the issues are not just relocated and that we also sustain the gains made. It was explained our approach goes beyond police enforcement and equally focuses on how we deploy appropriate wrap around services and support to support a longer term solution.

Decided: The Board noted the update.

7. Business Update

The Board received an update on service delivery across the Group in light of the additional national restrictions introduced since the last meeting. The key changes to our services were set out, including how we are taking cognisance of the confirmation that strains of Covid-19 with increased transmissibility now exist.

A specific presentation was given on the rent campaign, including: the enhanced range of digital activity; the number of customers we engaged with; how our approach included promotion of support we can offer; and the key success measures.

The Board reiterated that outstanding performance to date in relation to arrears and the role the wide range of support we have provided will have played in this.

It was explained that our operating model, particularly the small patch sizes which have been in place for a number of years, has underpinned our ability to respond in an agile way.

The Board discussed our supply chain monitoring, which has identified no material concerns to date, and how we continue to mitigate this risk. It was explained that we have commissioned independent research on the impact of brexit in areas such as labour and supply chains for discussion at the strategy residential.

Decided: The Board noted the contents of the report.

8. Approach to vaccination

The Board received a presentation updating them on our approach to vaccination within care and progress to date.

The Board discussed at length how we are mitigating risk associated with delivering care, the current legal position regarding unvaccinated staff and staff recruitment. It was confirmed customers have the right to ask if a staff member is vaccinated and decline support from someone who is not vaccinated.

It was confirmed that we are engaging with Public Health Scotland more widely.

The Board further reiterated the need to clearly document how we document our decision making process for mitigating risks.

It was agreed the Board receive updates on progress with vaccination.

Decided: The Board noted the update.

9a. Group new build performance report

The Board received an update on progress for the year to date, our forecast for the remainder of the year and our ongoing engagement with contractors. It was further explained that we have a strong focus on our contractor exposure.

The Board discussed the risk of supply chain quality control, particularly in relation to fire. The context of the Scottish of the Building (Scotland) Regulations 2004 was set out, the specifications we embed in our contracts and the post contract checking we have in place, such as Clerks of Works, to ensure the products reflect the contract requirements. It was further explained that we have mainly used External Wall Insulation for existing buildings, which has a rendered finish.

The Board discussed the projected future costs of fire suppression systems required under changes to the Building Standards and the likelihood of covid related costs continuing to be absorbed by contractors. The potential impact of these costs over our overall programme was discussed, including the link to future grant levels available. It was noted this would continue to be monitored by the Group Development Committee.

The Board discussed our overall target to house 10,000 homeless households, the potential to exceed this target and the link to the proposed letting ratios. It was explained that we will seek to retain a focus on prevention and achieving balanced and sustainable communities.

Decided: The Board noted the contents of the report.

9b. Group Five Year Development Programme

The Board received a presentation setting out the proposed 5-year development programme and confirmation each respective developing RSL Board had agreed their contribution.

The Board received a more detailed update on the current position of the construction industry, economy and labour market as they relate to our 5-year programme. A further update was provided on the budget allocation for affordable housing and the review underway of the Housing Association Grant.

The Board discussed the DGHP legacy sites and the risk that they are not economically viable for development. It was explained that we are engaging with the strategic housing authority and Scottish Government to exhaust all options to make the sites viable but that it remains a risk.

The Board discussed the programme relative to our strategic target of 5,500 homes. It was explained that the strategy target is contingent on unlocking additional finance over the life of the strategy.

Decided: The Board:

- 1) approved the Group five-year development programme as summarised in this report;
- 2) noted that the five-year development programme will continue to be reviewed annually and presented in February of each year, in conjunction with the presentation of the Group Business Plan; and
- 3) noted that a presentation of the respective development programme was presented to each RSL Board in the February 2021 cycle of meetings and is planned for the Lowther Board next meeting in May 2021.

10a. Rent and other charges 2021/2

The Board received feedback from the rent consultation processes across the Group. It was confirmed the majority of tenants who responded supported one of the proposed options in all RSLs where it applied.

The Board considered the feedback and noted that it had been discussed in more detail and recommended by each partner Board.

Decided: The Board:

- 1) considered the feedback received through the consultation process with tenants on our 2021/22 RSL rent and service charge increase;
- 2) agreed that a 1% rent and service charge increase be applied to all Cube tenants;
- 3) approved a 1% rent and service charge increase for the 3319 multi-storey GHA properties identified in the consultation;
- 4) approved all remaining stock in DCH, GHA, LHA and WLHP within the Group applying a 1.7% rent and service charge increase for 2021/22 and formally writing to tenants to confirm this; and
- 5) approved the application of a rent and service charge increases of 2% for 2021/22 for all ex Barony tenants and DGHP tenants.

10b. Group and Partner Financial Projections

The Board received a presentation setting out: our financial context; our covenant compliance projections; and the key financial across the group; and the scenario and sensitivity testing undertaken.

The Board considered the financial projections, in particular the level of headroom we have in relation to covenants, the proposed downside scenarios and the mitigations we can apply if required. It was agreed the mitigations provided assurance on the robustness of our business plan.

The Board sought an update on how we test the underlying financial models. It was explained that we subject our models to external review periodically. It was agreed that the outcome of the next review is reported to the Board.

It was agreed the City Building (Glasgow) business plan be deferred to allow the rescheduled City Building (Glasgow) Board meeting to consider it in advance.

Decided: The Board

- 1) approved the updated projections for investment in assets and services in support of our strategy, *Your Home, Your Community, Your Future*;

- 2) approved the RSL Borrower Group financial Golden Rules set out at paragraph 5.21 of this report;
- 3) approved the financial projections for each of the subsidiaries attached and City Building which will follow under separate cover; and
- 4) agreed that the projected 2021/22 figures form the basis of next year's annual budgets for each subsidiary and the Group overall.

11. Group Delivery Plan 2020/21 Quarter 3 Performance

The Board received a summary of performance for the year to date. It was confirmed that the restrictions are such that we remain under the previously agreed phase 2 targets.

The Board discussed the analysis of our neighbourhoods under our safe, calm and peaceful neighbourhoods and in particular the progress being made via the current Community Improvement Partnership deployment. It was explained that the classifications allow us to track over time changes and better understand the impact in communities.

The Board discussed our targets in relation to lets to homelessness and how the approach reflects the differences across our geographic footprint. It was reiterated that the targets are adjusted to reflect the circumstances in each RSL.

The Board sought an update on the plans to remobilise the Wheatley Works programme. It was explained this was currently under consideration, with a view to this being in the coming months.

The Board considered our approach to complaints and the review currently underway. It was confirmed this is currently being finalised, including taking into account the new Model Complaint Handling Procedure published by the Scottish Public Services Ombudsman.

An update was sought on the current gas safety check position. It was confirmed that our gas safety checks remain 100% compliant.

Decided: The Board noted the contents of the report.

12. Finance report

The Board received an update on the Group's financial performance for the year to date, including the key variances relative to the, pre pandemic, budget. It was explained that development remains the key variance and that a large proportion of the planned ER/VR expenditure was assumed to be between now and the end of the financial year

It was confirmed that year end results would be presented the April meeting, detailing the key variances in unplanned income including pandemic related government funding such as grants and coronavirus job retention scheme and expenditure such as development.

Decided: The Board noted the financial performance for the Group to 31 October 2020.

13. Treasury update

The Board received an update on our current treasury position, in particular our liquidity and covenant compliance.

It was noted a separate meeting would be held to formally approve the amended legal documentation and associated minute of agreement for the £15m increase to the on-lend from GHA to Lowther Homes.

Decided: The Board

- 1) noted the liquidity position of Wheatley Group as at 31 January 2021; and**
- 2) noted the position against covenants for quarter-end to 31 Dec 2020**

14. Governance update

The Board received an update on a range of governance related matters, including: progress with the governance element of the DGHP Transformation Programme; the revised Services Agreement for Wheatley Solutions; and Chair succession planning.

The Board considered the updates, agreeing that they were all consistent with previous discussions and our wider approach.

The Board reviewed the proposed role profile and recruitment process. The Board considered the rationale for maintaining our previously assumed internal approach and agreed it remained valid.

Decided: The Board

- 1) noted the progress with the governance elements of the DGHP Transformation Programme;**
- 2) agreed that, as part of the DGHP governance integration, Novantie Limited be wound up;**
- 3) delegated authority to the Group Chief Executive to agree the Services Agreement with Wheatley Solutions and DGHP on behalf of the company;**
- 4) subject to the above, approved the Group Director of Finance as an Authorised Signatory of the Services Agreement;**
- 5) agreed the wind up of Wheatley Enterprises Limited and YourPlace Property Management Limited;**
- 6) delegated authority to any of the Group Chief Executive, Group Director of Finance and Group Company Secretary to agree and execute any documents on the Company's behalf to wind up of Wheatley Enterprises Limited and YourPlace Property Management Limited;**
- 7) noted the update on the Group Chair succession planning; and**
- 8) agreed we add a 'Environmental and sustainability implications' section to the Board reporting template.**

15. AOCB

The Chair confirmed plans to convene an additional meeting in March and that the papers for this meeting would be issued at shorter notice than the normal seven days due to the time sensitive nature of the main item.