WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING

Wednesday 18 December at 10.30am
Wheatley House, Glasgow

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minutes of meeting held on 13 November 2024 and matters arising
   b) Action list

4. [redacted]

5. [redacted]

Main Business

6. Scottish Government budget (Presentation)

7. 2024/25 rent and service charge uplift

8. Regeneration update (Presentation)

9. Complaints performance and customer insight

Other Business

10. Finance Report

11. Risk Management update

12. Contract award - Wheatley Homes South and Wheatley Homes East subcontractors

13. Contract Hire of Industrial Laundry & Kitchen Equipment

14. AOCB

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: 2025/26 rent and service charge uplift

Date of Meeting: 18 December 2024

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1. Purpose

1.1 This report provides the Board with feedback from tenant focus group discussions on our draft 2025/26 rent and service charge setting proposals and seeks approval for the 2025/26 RSL rent and service charge increase proposals and the next steps, process and timeline for consulting RSL tenants.

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.

2.2 The Board approved a potential rent and service charge increase range for discussion at the tenant focus groups and the consultation approach at its meeting on 13 November 2024. Our RSL Boards subsequently considered and agreed the proposed range for tenant focus groups at their meetings during November.

3. Background

3.1 The Board, and partner RSL Boards, agreed a range of between 6.9% and 7.9% as our assumption for the 2025/26 rent and service charge increase and as a basis for holding initial engagement with tenants through a number of focus groups in each of our four RSLs. It was agreed that we would consider the feedback and tenant views from the focus groups prior to finalising the increase for the wider tenant consultation in January 2025 at our December meeting.

3.2 [redacted] The position in relation to the proposed rent control measures contained within the Housing (Scotland) Bill and any exemptions is not yet confirmed and is subject to further Scottish Government consultation in the Spring of 2025. The Board will be updated as this position is clarified.

4. Discussion

Tenant feedback

4.1 Engagement and consultation are key elements of our rent-setting framework. The Board agreed that our tenant focus groups this year would focus on understanding tenants' feedback on the potential rent and service charge increase range, what any additional investment should be focused on and how well the tenant brochure explained why the proposed range was necessary. It also, for the first time, included locality-based brochures within Glasgow.

4.2 Research Resource independently facilitated the focus groups for each RSL across the Group during late November and early December. In total we held 16 focus groups which were attended by 138 tenants. A number of consistent themes emerged across all RSLs.

4.3 The consistent themes across all focus groups were:

- the financial challenges element of the brochure should be more direct as this would make it clearer to tenants what they mean relative to the increase, services and investment;
- the more specific detail in the brochure on investment, especially in Wheatley Homes Glasgow ("WHG"), was very well received and made it feel more personal;
- those who set out how they might respond to the options presented were heavily drawn to the lower option;
- those who did not indicate how they would respond to the options presented were more likely to indicate they felt that both options felt higher than they expected and they would have liked to understand the impact of a lower option;
- tenants do maintain a high desire for investment in their homes and neighbourhoods;
- tenant perception of how efficient we are in delivering services influences their assessment of the rent increase proposals; and
- affordability for tenants as a whole must continue to be a strong consideration.

4.4 Based on this feedback we have updated the rent setting brochures, with an example attached at Appendix 1. The main changes relate to the wording of the financial challenges section (page 4) and also based on further information now available to the comparators referenced in page 5.

4.5 In considering the feedback from tenants and the observation that the increase is higher than some members of the focus groups had anticipated, we have assessed the implications of reducing one of the options from 6.9% to 5.9%.

4.6 The reduction in future rental income and the corresponding amount of funding available to invest in tenants' homes and neighbourhoods would be £3.2m in 2025/26 and a reduction of £38.2m over the ten-year period to 2034.

4.7 A reduction in funding of this quantum would mean we are unable to fully meet the objectives set out in our Group Asset Management Strategy and each RSL partner Strategic Asset Investment Plans. This would require us to re-assess our asset investment plans and priorities and remove some planned investment projects from our 5-year investment programme. This would limit our ability to deliver against our agreed key asset management strategy drivers of delivering warm, energy efficient homes, meet the asset improvement priorities identified in our neighbourhood plans and investing to meet the challenges associated with particular stock types.

4.8 Specifically, we would require to scale back on the scope of our investment programme and would be unable to meet the priorities within our Group Asset Management Strategy. With a reduction in funding for investment projects, more than 8,000 tenants would miss out on improvements to their properties over the next decade.

4.9 In addition, the levels of funding available to meet the compliance obligations for energy efficiency improvements, which will be needed to meet the Scottish Housing Net Zero Standard by 2033, would also be adversely impacted. This would leave us in a position where these would not be fully funded in our business plan with a shortfall of £6.2m over the ten-year period and place a reliance on the availability of Scottish Government funding to meet our legal compliance obligations.

Affordability

4.10 We know from our analysis considered at the November meeting, that our rent levels continue to meet affordability criteria. As discussed previously, the National Living Wage will increase to £12.21 per hour (+6.7%), the Real Living Wage will increase to £12.60 per hour (+5%) and the state pension will increase by 4.1%. The Scottish Government announced a pledge to end the two-child benefit cap in their 4 December budget statement by 2026. The majority of our tenants are in receipt of welfare benefits, through either Housing Benefit or Universal Credit, and have income below the benefit cap of £22,020 which means benefit payments will meet the cost of rent in full.

4.11 We will continue to provide targeted support to tenants through our wraparound service and Helping Hand Fund. This is emphasised early in our brochure and our Housing Officers and CFC staff will be briefed to ensure they both remind tenants of this and support them as necessary.

Comparability analysis

4.12 When considering the rent and service charge increase range for the focus groups, we had confirmed that our existing levels relevant to comparator groups were lower than the Scottish RSL average for two and three apartment properties which make up the bulk of our housing stock. In particular, WHG was mid-table among RSLs with more than 1,000 units and Wheatley Homes South ("WHS") remained lower than all other RSLs in its area of operation.

4.13 At that time however, very little information was available on what Local Authorities and RSLs were planning for 2025/26. A number of social housing providers have now confirmed the range of increase on which they plan to consult tenants.

4.14 A more detailed list of the planned increases is set out in Appendix 2. The key points to note are:

- there are at least 12 Social Landlords across Scotland with options for increases greater than 6.9%;
- a common theme amongst the rent proposals over 5% is that investment and compliance are the key drivers; and
- we are not the highest proposed uplift in our main stock area of Glasgow.

RSL rent and service charge increases for tenant consultation

4.15 Taking into account the feedback from tenant focus groups, and consideration of the implications of an alternative lower rent option balanced against:

- consistent tenant feedback on their strong desire for investment in homes;
- the need to invest to prevent deterioration in the condition of our properties;
- the need to create financial capacity to deliver improvements to neighbourhoods as outlined in our Group Asset Strategy and fulfil tenant priorities noting the positive feedback from the pilot projects in Cranhill, Castlemilk and Drumchapel completed this financial year and;
- the requirement to carry out energy efficiency improvements to fulfil our obligations under SHNZS; and
- the comparability and affordability analysis.

It is proposed that the following options are agreed for consultation with tenants and these remain within the range previously agreed:

RSL	Options
WHG	6.9% and 7.9%
Loretto Housing	6.9% and 7.9%
WHS	6.9% and 7.9%
WHE	6.9% and 7.9%

As in previous years, rents will be frozen for stock held for demolition.

4.16 With the application of a 6.9% rent increase, this would see our cumulative rent increases over the last five years (since 2021) align to cumulative CPI inflation over the same period. For former Cube, West Lothian Housing Partnership and WH East tenants the increase would be even lower than the cumulative CPI given the lower rent increases which were in place for a period during that same timeframe as set out in the table below:

	Rent increase v CPI 2021 to 2025
Cube former tenants	5.6% lower
WLHP former tenants	7.5% lower
WHE	2.5% lower

4.17 After applying the 6.9% increase we would remain broadly at the lower to middle end of rents in the sector. Whilst our affordability and comparability analysis confirms our rents are affordable and not amongst the highest relative to local comparators, we will ensure that we promote the support available to tenants. This includes Welfare Benefits and Fuel Advisors, Home Comforts and the Helping Hand Fund.

Consultation timeline

4.18 The proposed key steps and timelines for the RSL consultation are as follows:

Key action	Timescale
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 (subject to mail drops but a minimum of 2 weeks)	13-27/01/25
RSL Boards receive consultation results and approve rent and service charge increases	3-7 February
Rent and service charge increase letters issued	23 February onwards

4.19 As previously agreed, where an RSL Board has agreed one of the two options it has delegated authority to implement this. This provides us with essential additional time to issue the increases on time, have our local staff engage with tenants and provide tenants with support updating the Universal Credit portal where applicable. Civica will again independently validate and count the returns and provide us with certified results.

5. Customer Engagement

5.1 The final tenant brochure has been shaped by feedback from our customers and we will now commence with formal consultation with all tenants.

6. Environmental and sustainability implications

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

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.

8. Financial and value for money implications

8.1 Our proposed rent and service charge increases strike an appropriate balance between affordability for our tenants, whilst ensuring the ongoing financial viability of our operations, the preservation of appropriate levels of investment in our homes to ensure the condition of our homes does not deteriorate, we continue to meet our current and known future legislative obligations, the continuation of high-quality services to tenants and the financial viability of the business.

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 tenant engagement to date and approach set out in this paper will meet our requirement to consult under the Act.

10. Risk Appetite and assessment

10.1 Our risk appetite 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".*

10.2 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".

10.3 We are mitigating this risk to the extent possible with an approach which:

- ensures we had a strong customer voice in shaping our final consultation proposal;
- formally consulting all tenants; and
- making the final decision after we understand the consultation feedback from tenants.

11. Equalities implications

11.1 The initial focus groups with tenants across our four RSLs have informed our proposals, materials and approach for formal consultation. The focus groups included a diverse range of tenants.

11.2 This has shaped the formal consultation, including proactive provision of alternative formats (large print, audio and braille) for tenants who have recorded this requirement and with the translation of brochures available on request (and to be available via our supplier within 4 days). To support awareness of translation, we will also add a translation note in English and the 5 most requested languages – Arabic, Dari (Afghan), Portuguese, Polish and Urdu.

11.3 An equalities impact assessment has been undertaken which acknowledges the potential barriers some tenants could face and details the provisions put in place.

12. Key issues and conclusions

12.1 The feedback from our tenant focus groups indicates that tenants overall understand our proposals and recognise the need for an increase to maintain services and investment. There were some tenants who felt that the increase was higher than they had anticipated.

12.2 In response we have considered the implications on investment in homes and neighbourhoods of a lower increase when recommending the range for consultation. Tenants also provided us with some positive feedback on the content and clear messaging within the brochure providing some suggestions for further clarity. We have updated the draft brochure to tenants to reflect this.

13. Recommendations

13.1 The Board is asked to approve the options for consultation on the 2025/26 rent and service charge increase by each RSL as set out in paragraph 4.15.

LIST OF APPENDICES:

Appendix 1: Rent setting brochure
Appendix 2: Sector rent increase

Wheatley Homes Glasgow

Better homes, better lives

Investing in your community

Consultation on rent and service charges for Drumchapel, Blairdardie and Knightswood North 2025-26

Have your say

OFF542

Message from the Chair

Listening to the views of our tenants is vital in helping decide our priorities for the year ahead.

Feedback from tenants on what matters most to them helps shape services and informs our decisions.

Tenants asked us to invest more in our existing homes to keep them in good condition and make them more energy efficient. Tenants also wanted us to further invest in the services provided by our Neighbourhood Environmental Teams.

We're proud that 89% of tenants in our latest published tenant satisfaction results told us the rent for their property represents value for money, higher than the Scottish average of 82%.

We want to deliver value for money. A key focus of this is our annual rent setting and what we propose to tenants through our rent consultation.

Building on what tenants tell us, we asked Research Resource, an independent customer insight organisation, to run focus groups with our Customer Voices to review our proposals and brochure. The options for rent setting in 2025-26, and this brochure, were shaped by their feedback.

We know living costs are increasing and energy bills and food prices remain high.

That's why we continue to do everything we can to keep our rents as low as possible. Our rent levels reflect the services tenants tell us they want, and the improvements tenants tell us they wish to see in homes and neighbourhoods.

Please read about the proposed rent and service charge increases for 2025-26 and the investment we have planned in your community over the next three years on pages five and seven. The proposed rent increase will allow us to deliver on these priorities.

It's really important tenants have their say. If you are worried about rent, please get in touch with us as soon as possible. We have a range of support to help.

Maureen Dowden
Chair, Wheatley Homes Glasgow

We're here for you

Need a bit of extra help? We have lots of ways to support tenants who are struggling.

We can help with benefits, fuel advice, jobs and training, bursaries for students, free furniture, free books for children under five, support to get online, and much more.

If you are worried about keeping on top of your rent please get in touch with us straight away. We have a range of services and a support fund to help. Give us a call on **0800 479 7979.**

Rent consultation

As a Registered Social Landlord and charity, we reinvest rent money each year in delivering services, investing in homes, supporting tenants and improving our communities.

We have a legal duty to consult with tenants about rents and any service charges you pay. We want to hear your views on the proposals for 2025-26. We'll use this feedback to help decide rents and service charges for the next financial year.

This rent and service charge consultation booklet:

- explains why we need to increase rent and service charges;
- shows the proposed rent and service charge increases for 2025-26;
- outlines what your rent and service charges pay for; and
- explains how you can have your say.

Please take the time to read this document and make sure you tell us what you think. In this document, when we refer to rents, we mean rents and any service charges you pay.

You have until **27 January 2025** to give us your feedback

Financial challenges ahead

We're doing everything we can to deliver great services, invest in your home and community, and provide value for money.

But, like all social landlords in Scotland, we also face challenges in meeting our legal requirements, delivering our tenants' priorities and improving the quality of homes, all while keeping rent affordable. The challenges ahead, include:

Repairs and maintenance

While we continue to work to make our repairs and maintenance service more efficient, it remains one of the biggest parts of our spending, with costs, such as materials, increasing. Over the past 12 months, the annual average rate of inflation for repairs has been **7.2%**.

Scottish Government legislation

We are legally required to comply with Scottish Government legislation on enhanced energy efficiency standards, such as insulation, for all homes. This means we must make significant additional investment to our properties, alongside delivering other investment priorities for tenants, such as kitchens and bathrooms.

National Insurance tax increases

The amount of tax we are legally required to pay for National Insurance was unexpectedly increased in the recent UK Budget. This means a significant increase in the costs of staff, who are essential for the delivery of services for all tenants. This will affect every employer across the UK.

Investing to improve your home and community

Tenants have consistently told us they want us to prioritise investment in the quality of their homes and the standard of their neighbourhood. Without the proposed minimum increase for 2025-26, we will not be able to keep neighbourhoods neat and tidy, and it would make it very difficult for us to improve the quality of our homes. You can find more information on the investment in your area over the next three years, based on the proposed increase, on page seven.

Rent options for 2025-26

Our proposed increases are similar to a number of social landlords across Scotland.

For example, in West Dunbartonshire, South Lanarkshire, Falkirk, Edinburgh and Aberdeen, council tenants are being consulted on 8%, 6.5%, 9.5%, 7% and 10% respectively for 2025-26.

The options for your proposed rent levels, as well as what these would mean for services and improvements, can be found on the right.

Since 2021, our aggregate rent increases have been below inflation. Our proposals for 2025-26 would bring us back in line with inflation over this five-year period.

Option 1 — 6.9%

This would allow us to keep repairs and building safety spending at current levels and invest more money to improve your home and neighbourhood. Details of our three-year investment plans in your local area are shown on page seven.

As an example, this option would mean an average increase of £7.01 per week on an average two-bedroom home.

Option 2 — 7.9%

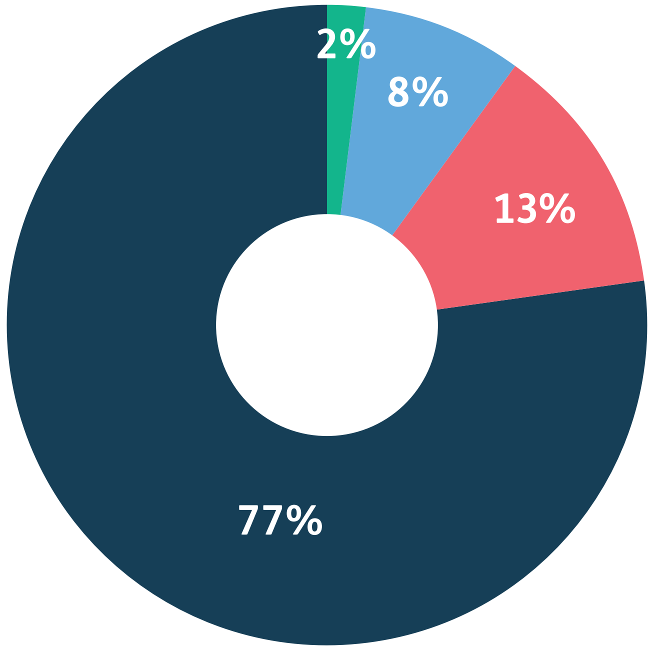
This option would deliver all of Option 1 and fund further investment of £210,000 each year in homes and neighbourhoods in your local area.

As an example, this option would mean an average increase of £8.03 per week on an average two-bedroom home.

What your money pays for

We continue to work hard to keep our overheads low and provide you with value for money.

Check out the pie chart below to see how income was spent in the financial year 2023-24.



- Activities supporting communities
- Business loan repayments
- Staffing and administration costs
- Investment, repairs and maintenance

Investment and maintenance

Almost half of our overall costs, such as repairs and meeting our legal requirements in areas such as fire safety and building safety, are unavoidable.

This includes renewing fire doors, smoke and heat detectors, gas and electrical testing and everyday repairs.

The remaining money allows us to focus on areas tenants have told us are a priority, including work to make homes warmer, further improve our repairs service and keep communities clean and tidy.

In 2023-24, across the whole of Wheatley Homes Glasgow, we:

carried out **211,594** repairs

spent **£50.2m** improving existing homes

spent **£78.3m** on repairs and maintenance

Staffing and admin costs

This money paid for housing officers to be out in communities, 24/7 services available through our Customer First Centre (CFC) and Neighbourhood Environmental Teams keeping communities clean and tidy. This also includes support staff, such as those providing engagement activities and welfare benefits advice, as well as the cost of running our offices and depots. Last year we:

had **500** tenants involved in 'Stronger Voices' projects

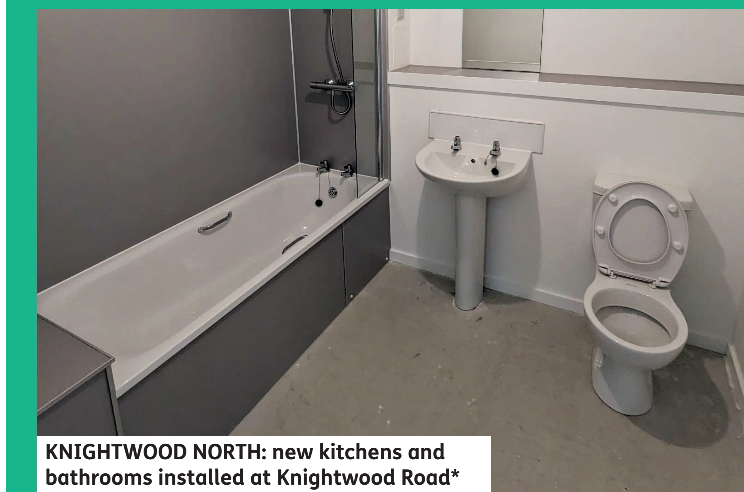
handled **469,600** calls at the CFC

Investing in your community across Drumchapel, Blairdardie and Knightswood North

Over the last year we completed investment projects in your community such as:


DRUMCHAPEL: new boilers, kitchens and bathrooms installed at Glenkirk Drive*


BLAIRDARDIE: air source heat pumps installed at South Moraine Lane


KNIGHTWOOD NORTH: new kitchens and bathrooms installed at Knightwood Road*

Over the next three years your rent money will allow us to invest further in your area and local neighbourhoods. We use the feedback from tenants to help prioritise how this money will be spent. For example, tenants have told us they want money to be invested in their homes to make them warmer, drier and cheaper to run.

Over the next three years we will invest over **£14.5m** in your local area to deliver:

- new kitchens in **270** homes;
- around **40** new windows;
- new bathrooms in over **110** homes;
- around **100** new close doors;
- extra energy efficiency improvements, including nearly **75** new electric heating systems and **315** new gas boilers;
- environmental improvement works to closes and other common areas such as external insulation, upgraded paths, external painting and gutter replacements in nearly **400** homes; and
- loft or floor insulation improvements in over **60** homes.

*An example of a new Wheatley Homes Glasgow kitchen or bathroom.

Have your say

Your feedback is really important – and we want to hear your views on our rent and service charge proposals.

You can get in touch by text, online, phone or post. The quickest and easiest way is online. We've included a consultation response sheet with a unique code for you to submit your response. This unique code can't be used to identify you.

The consultation closes on 27 January 2025.

You can also contact TPAS (Tenant Participation Advisory Service) for independent advice by emailing eveline.armour@tpasscotland.org.uk or calling 0800 915 9551.

What happens next?
All feedback received through the consultation will be independently checked.

This will be carried out by Civica, an independent organisation which specialises in consultations and verifying the results.

The Wheatley Homes Glasgow Board will then consider all the feedback before making a final decision on rent and service charge levels for 2025-26.

We will let you know the results of the consultation and the final decisions on rent and service charge levels on our website.

We will write to you to let you know your rent and service charges for 2025-26. We'll also report on the progress of the work carried out through the year.

WHG/RENTCONSULT/DEC24/103307

We can produce information on request in other languages, large print, Braille and audio formats.

Visit **www.wheatleyhomes-glasgow.com** or phone us on **0800 479 7979**.

Wheatley Group

Appendix 2 – Sector rent increases

Landlord	Proposed rent increase (options)
Aberdeen City Council	10%/15% for new build
Aberdeenshire Council	5%
City of Edinburgh Council	7% (for the next five years)
Clackmannanshire Council	9.5%/10%/10.5%
Dundee City Council	4.5%/4.75%/5%
East Ayrshire Council	7%/8%
East Lothian Council	7%
East Renfrewshire Council	4.9%/5.9%
Falkirk Council	9.5% (followed by 9%in 26/27 and 7% in 27/28
Fife Council	5%/6%/7%
Highland Council	8%/9%/10%
Moray Council	6%/7%
North Ayrshire Council	3.84%/4.84%
Perth and Kinross Council	6%/6.5%/7.5%
South Lanarkshire Council	6.5%
Stirling Council	7.2%/8%/8.5%
West Dunbartonshire Council	8%/9%
West Lothian Council	3.5%
Barrhead housing	7.2%
Bield	4.5%/5%
Clydebank Housing Association	4.5%/5%/5.5%
Dalmuir	4.3%/4.8%
Hillcrest Housing	3.9%/4.9%
Kingdom Housing	5%/6%/7%
Link Housing	5.5%/5.9%
NG Homes	4%/4.5%/5%
Provanhall	7%/7.5%/8%
Thenue Housing	7%
West of Scotland Housing	4.3%

Report

To:	**Wheatley Housing Group Board**
By:	**Anthony Allison, Group Director of Governance and Business Solutions**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Complaints performance and customer insight**
Date of meeting:	**18 December 2024**

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1. Purpose

1.1 The purpose of this report is to:

- update the Board on complaints handling performance;
- provide the Board with the outcome of our review of complaints handling; approach relative to the English Housing Ombudsman's complaints self-assessment;
- update the Board on how we are drawing, acting on, and broadening our learning from complaints and wider customer insight; and
- seeks approval for updates to our Group Complaints Policy.

2. Authorising and strategic context

2.1 A key theme across all our strategies is delivering exceptional customer experience. Our strategy focuses on ensuring that we develop, design and deliver priorities based on feedback from and an understanding of our customers' priorities.

2.2 Our strategy identifies real-time feedback mechanisms, complaints and customer engagement as key sources of customer insight. Our strategy includes a specific strategic result of handling Stage One complaints within an average of five working days or less.

2.3 The Scottish Public Services Ombudsman ("SPSO") sets out Model Complaints Handling Procedures which we comply with. The English Housing Ombudsman however has in recent years published a wide range of reports which provide learning and recommendations which, being housing specific, are relevant for us.

2.4 We routinely review the reports and guidance that they publish and consider the assurance we have in the specific area considered. We also consider any insight or learning that we may be able to apply to provide ourselves with further assurance.

3. Background

3.1 We have well-established complaints and real-time feedback, such as 'Rate it' for repairs and My Voice for the Customer First Centre ("CFC"), reporting measures both operationally and to Boards across the Group as part of our Group Performance Framework.

3.2 In addition to this we gather insight in a range of ways from our customers. Our Customer Voices network engages routinely on local issues as well as providing a base to draw on, for example via focus groups or surveys, for wider issues such as rent setting, specific service reviews and strategic projects.

3.3 Our Group Scrutiny Panel scrutinises performance against the Annual Return on the Charter ("ARC") indicators and undertakes in-depth thematic reviews. The topics for the thematic reviews are agreed upon by the Panel and reflect what they consider to be the biggest priorities for customers. The Panel last year selected repairs for their thematic review and subsequently presented their findings and recommendations to both the Executive Team and RSL Boards across the Group.

3.4 At its last meeting the Board considered the learning we are drawing from complaints and how we consider wider learning such as that produced by the English Housing Ombudsman. It was agreed that a further update, including the outcome of our review against the English Housing Ombudsman complaints self-assessment, be provided at this meeting.

4. Discussion

<u>Complaints handling performance</u>

4.1 The table below outlines our timescale performance for Stage One complaints to the end of October 2024. This is based on our operational performance definitions. These mean that complaints are categorised according to the organisation that handles them rather than by the ARC definition (which includes Lowther factoring complaints within the RSL which has the responsibility for the service). Our target is to have 95% of Stage One complaints responded to within 5 days.

	Stage 1 performance (October 24)	**2023/24 year-end performance**
WH Glasgow	96.48%	92.41%
WHS	94.72%	95.39%
WHE	96.94%	95.87%
Loretto	100%	96.88%
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]%

4.2 All subsidiaries, except for Wheatley Homes South ("WHS"), are meeting the target and have improved from last year's results. WHS has undertaken several sessions with staff to ensure that the importance of complaints is emphasised and expects to meet the target by the end of the year.

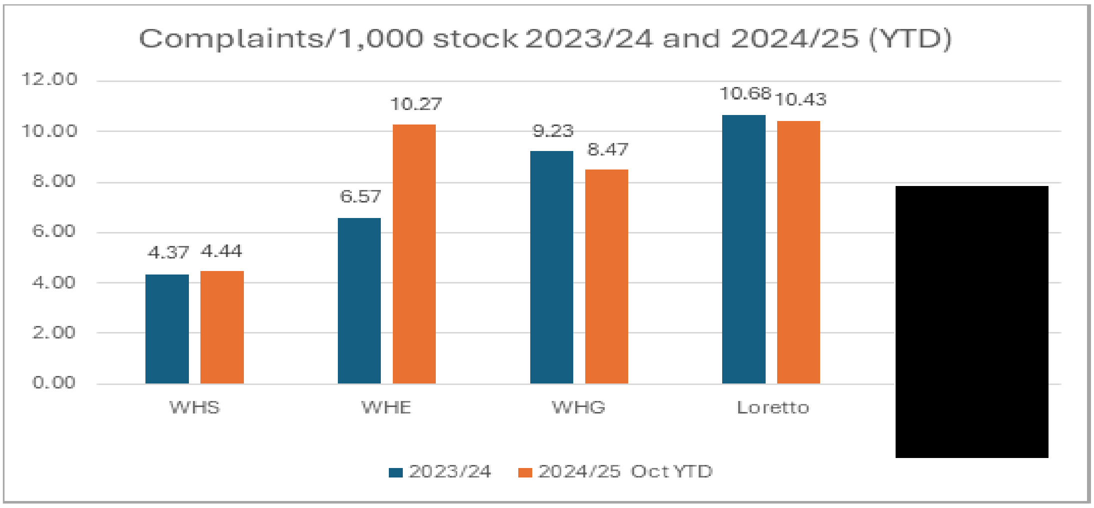
4.3 The table below shows that all subsidiaries are currently achieving the target of responding to 100% of Stage Two complaints within 20 days. All subsidiaries which were not already at 100% have improved performance from last year.

	Stage 2 performance (October 24)	2023/24 year-end performance
WHG	100%	97.96%
WHS	100%	100%
WHE	100%	96.61%
Loretto	100%	96.15%
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

Based on the most recent Housemark report our performance in terms of complaint handling timescales would be considered to be in the upper quartile for the sector for Stage One and Stage Two complaints.

4.4 The volume of complaints does vary by organisation and by year as shown in the graph below. Wheatley Homes Glasgow ("WHG") and Loretto have reduced the volume of complaints. This is primarily a result of the actions we have taken alongside City Building (Glasgow) reducing the number of repairs complaints. WHS continues to have a proportionally very low level of complaints.

4.5 For the first time in more than two years WH Glasgow and [redacted] have had fewer complaints than the previous year for some months (for WH Glasgow in five of the last six months and [redacted] for the last two months). This trend will need to be tested through all seasons but provides encouraging evidence that improvement plans have been effective to date.



4.6 Within Wheatley Homes East ("WHE") the increase in complaints has been driven by an increase in complaints relating to repairs. A key driver for this, the single biggest cause of repairs complaints, has been repairs taking longer as we undertook major service transitions to both a new job management system, Servitor, and new materials supply arrangements through Stark.

4.7 The change to the new material supplier necessitated unavoidable downtime to restock the vans and this was exacerbated by technical faults with the fleet which meant some vehicles also had downtime. We have now finalised the programme to restock the vans and addressed the fleet issues. We secured compensation from our fleet supplier for the technical faults.

4.8 As part of our staff engagement and a wider lesson learned review from the transition to Servitor and Stark we identified issues that we could address. A lack of available sub-contractors to provide additional capacity, particularly within Edinburgh, has been addressed via a new framework, subject to a separate report at this meeting, being procured. We have also restructured the in-house repairs team and recruited additional staff, with further to come, to enhance the level of capacity and resilience.

4.9 The WHE Board has been scrutinising the progress in improving repairs performance and reducing repairs complaints at its meetings. We have already seen a significant reduction in the number of overdue repairs within WHE over the last month. We expect to see the number of repairs related complaints within WHE reduce as the service improvements take effect.

4.10 Loretto continues to have a higher volume of complaints than the other RSLs. Actions to improve this include the move to the Point of Delivery ("POD") repairs service in September to improve the quality of repairs and respond to customer feedback about the need for there to be more repairs completed in a single visit.

4.11 A detailed review of case debriefs is ongoing to assess where the model can be refined to support Loretto's particular needs including the dispersed geography. The proportion of complaints in Loretto has reduced over the last couple of months but will continue to be monitored to establish whether this is a sustained improvement.

4.12 [redacted]

<u>Process review</u>

4.13 During the last six months we have undertaken two reviews relating to our process for complaints. The first was against the English Housing Ombudsman's complaints self-assessment and the second was an independent review of our end-to-end process, from a systems thinking perspective, by independent experts Vanguard.

Housing Ombudsman self-assessment

4.14 Housing Associations in England are required to complete the English Housing Ombudsman's complaints self-assessment each year and report it to their governing body for review and approval at least annually. The SPSO does not have an equivalent self-assessment although we are required to follow their Model handling process.

4.15 The assessment covers a range of topics including how a complaint is defined, how we ensure accessibility to complain and the handling process. Our review showed that we were fully compliant in the vast majority of areas of the assessment except those where the SPSO has a different requirement.

4.16 For example, the SPSO states that customers must complain within six months of the issue unless there is an exceptional reason, whereas the English Housing Ombudsman process allows up to 12 months.

4.17 There were a small number of areas where the review indicated that minor updates would strengthen our approach further. The proposed changes to our Group Complaints Policy based on this are outlined below:

- specifically confirm in our policy and complaints leaflet that the word complaint does not need to be used for an issue to be raised as a complaint (this is already highlighted in our training and practice);
- confirm in our policy and leaflet that a service request is not a complaint (again, this is already the case in practice); and
- asking our independent satisfaction surveyors to outline how our customers can raise a complaint where they wish to do so.

4.18 We will be undertaking a full review of the Group Complaints Policy in 2025. It is therefore proposed that authority be delegated to the Group Chief Executive to make the minor changes above to the existing policy ahead of a full review being presented to the Board in August 2025.

Vanguard review

4.19 The Vanguard review of our complaints process was undertaken jointly by our staff and Vanguard specialists. It involved mapping the journey customers might have when going through the complaints process. The analysis involved over 10,000 complaints in the last 18 months, interviews with staff, evaluation of customer calls and in-depth case studies.

4.20 The review confirmed that the important elements for customers were being listened to and kept informed, trust that issues are being taken seriously, and a sense that solutions are being offered and then acted upon.

4.21 We identified immediate actions from the review which are either complete or underway:

- reviewing system complaints subcategories to provide a better understanding of the underlying reason for the complaint (Complete);
- introducing a higher level of ongoing quality assurance eg calls in the CFC, written notes on our ASTRA CRM system and written correspondence (underway);
- clearer staff guidance eg when written correspondence is more appropriate (underway, to be completed in early 2025 – linked to the training)
- a review of staff training and associated support eg templates (underway, to be completed in early 2025); and
- and a more structured way to track commitments made during Stage One complaints (underway, to be completed in early 2025).

<u>Customer Insight and Lessons Learned</u>

4.22 There have been a number of areas of specific focus for improving service based on customer insight and complaints lessons learned this year. Repairs were covered at the previous meeting however other areas have included: [redacted] CFC, real-time feedback and environmental services.

[redacted]

[redacted] [redacted]

[redacted]	[redacted]
[redacted]	[redacted]

4.24 [redacted]

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

4.25 [redacted]

[redacted]	[redacted].
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

4.26 [redacted]

CFC

4.27 Through our Customer Voice panels and other feedback, we identified that customers felt that CFC staff would benefit from a greater degree of specialist knowledge in some areas of service to reduce hand-offs and improve both efficiency and customer experience. In response to this, the CFC increased the level of specialist knowledge in areas such as factoring and East-specific repairs processes. This allows our CFC staff to have greater knowledge about the processes and communities within their specific subsidiary. The CFC staff have also developed stronger links with local teams, such as the repairs teams in the East and the Common Repairs Team for [redacted]

4.28 Customers told us that a longer waiting time would be a trade-off that they would accept to have a call handler who was better placed to understand their needs and resolve any issue. This has been borne out by customer feedback to date and [redacted]

4.29 This is set against a backdrop of the CFC having also reduced its headcount by approximately 10% over the last eighteen months and its Customer Satisfaction score has increased over this year to 4.5/5 (90% equivalent) for each of the last two months.

Repairs satisfaction feedback

4.30 We currently use real-time feedback through our 'Rate It' digital tool to seek customer feedback on the day of appointed repairs. This seeks to solicit feedback on the customer experience on the day as well as a mechanism to seek a call back about any issue related to the repair.

4.31 In addition to this we have also surveyed customers 1-2 weeks after the repair is completed to allow us to test satisfaction with the repair itself. To date this has been completed for all repairs (appointed and programmed) in WH Glasgow via white mail. As part of a pilot project, we changed this to My Voice, a digital equivalent of the whitemail satisfaction surveys, to gather feedback from WH Glasgow on our repairs service. This followed a successful pilot in Loretto Housing.

4.32 We have seen a significant increase in the response level relative to what we received for postcards. It is also more operationally efficient in terms of our ability to respond to feedback quickly.

4.33 We have a well-established process where our My Repairs team monitor all incoming responses, reviews any low scores and where it is requested or considered appropriate contacts the customer. As this is still at an early stage our main focus is on having the ability to identify insight as the number of responses increases.

4.34 Under My Voice, we will be in a position to analyse responses by: geographic area; trade; repair type (appointed v programmed); where a previous or current complaint exists; and where a 'Rate it' score has been received. This level of analysis is not possible using whitemail as we cannot link the return to a specific repair.

4.35 An important function in the short term however has been our ability to identify customer issues quickly, contact the customer and agree on an approach to resolution. We know from our satisfaction survey feedback that this is critical to preventing a negative perception of the repairs service being formed.

Environmental service

4.36 The Group Scrutiny Panel is continually strengthening how they directly influence the improvement of our services. In reflecting on the achievements in the last year the Panel fed back that they now had increased knowledge and understanding, and crucially, they felt listened to and empowered.

4.37 The Panel has just completed a thematic review of Environmental Services across the Group. This initially involved access to and review of a range of information (such as customer satisfaction, process flows, service standards and work programmes), a range of fieldwork including onsite visits in each of our regions, an in-house survey to Customer Voices (with almost 500 responses) and focus groups (attended by 27 customers).

4.38 The thematic review has culminated in a report with 12 recommendations, primarily focused on communication, clarity on the services provided and strengthened partnership working. The member of the Panel involved in the review agreed a draft action plan to respond to their recommendations with relevant staff.

4.39 The recommendations and actions included the development of a new communication plan to highlight the work of our Neighbourhood Environmental Teams such as feedback to customers of actions identified/implemented following Keep Scotland Beautiful ("KSB") assessments and walkabouts and to clarify responsibilities (customer, landlord and Local Authorities).

4.40 We will also maximise awareness of and use of the KSB assessment framework with KSB Assessors invited to attend assessments outwith their own area. We are also considering ways to better enable customers to upload photographs to help report environmental issues.

4.41 Members of the Scrutiny Panel presented their findings, recommendations and the proposed action plan to the Group Executive team in December where the action plan was agreed. It is intended they do the same with our RSL Boards at their next meetings.

5. Customer Engagement

5.1 Our engagement has directly influenced the shape of our services, particularly for our key strategic projects. It has also further developed our staff's skills in listening to and understanding our customers. This helps influence the customer focus of all our work, even where there has not been a specific project. Staff are now very keen to attend panels and engagement sessions to build that knowledge, understanding and to feedback on how they are taking issues on board.

6. Environmental and sustainability implications

6.1 There are no direct environmental and sustainability implications from this report.

7. Digital transformation alignment

7.1 This report shows how we are involving our customers in shaping services. On some occasions this will directly influence our digital approach. The engagement undertaken in the last 6 months supports the development of existing programmes or is contained within the new Delivery Plan. There are no additional changes or requirements.

8. Financial and value for money implications

8.1 Our customer engagement and insight ensure that we are improving and amending services in the ways that best meet customer needs. This helps to ensure that we are delivering value for money. The proposals and changes outlined in this report are all being delivered within current service or project budgets.

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires that we consult and engage with tenants and can demonstrate how we do this. Our Customer Engagement Framework and the ongoing monitoring of this demonstrates that we are delivering this requirement.

10. Risk Appetite and assessment

10.1 Our risk appetite for enabling customers to lead is open, where we aim to create a cultural shift for customers, shifting the balance of power and control to the customer and ensuring the service they experience is aligned with their personal priorities.

10.2 Our engagement and insight approach provide the structure to ensure that we mitigate the risk that our services are not aligned with customers' priorities.

11. Equalities implications

11.1 There are no direct equality implications associated with this report. We undertake equality data monitoring of our Customer Voice programme to help ensure appropriate representation compared with our 2022 customer equality data survey. This helps us to ensure that access to our engagement is inclusive and that the programme itself includes diverse voices.

11.2 The Group Engagement Framework has also enabled a wider range of participation, particularly from younger people and those with disabilities. An Equalities Impact Assessment was completed as part of the review of the Framework; this included direct customer feedback via an electronic survey as well as individual calls and focus groups to support us as we continue to strengthen our approach.

12. Key issues and conclusions

12.1 We continue to perform well in terms of complaints handling performance measures. Our focus is however beyond timescales and how we use feedback and learn lessons from complaints to make changes to improve customer satisfaction.

12.2 We have made a number of changes to our repairs service, particularly in the East and for owners, based on feedback, learning and insight from customer complaints. We have also laid the foundation for enhancing our ability to do so in WHG through My Voice.

12.3 Through assessments of our approach against independent standards, such as the Housing Ombudsman, and by independent reviews such as Vanguard and the Scrutiny Panel we are continuously refining our service approaches to improve the customer experience.

13. Recommendations

13.1 The Board is asked to:

1) Delegate authority to the Group Chief Executive to update the Group Complaints Policy to:
   a) confirm in our policy and complaints leaflet that the word complaint does not need to be used for an issue to be raised as a complaint (as is already highlighted in our training and practice); and
   b) confirm in our policy and leaflet that a service request is not a complaint (as is already the case in practice).
2) Otherwise note the contents of the report and the improvements being driven by customer complaint feedback and lessons learned as well as wider customer insight.

LIST OF APPENDICES:

Appendix 1: Review against English Housing Ombudsman Complaints Self-Assessment

Appendix 1: Review against English Housing Ombudsman Complaints Self-Assessment

- *Note that this assessment is designed for English Housing organisations. As a result, some of the terminology and requirements differ. Where compliance requirements differ from those of the Scottish Public Services Ombudsman ("SPSO"), we have identified this and assessed our compliance against the SPSO framework*

- *Note that where the self-assessment refers to a policy or leaflet all the specific extracts have not been included here but can be provided as they are in our detailed evidence file.*

Section 1: Definition of a complaint

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
1.2	A complaint must be defined as: *'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.'*	Yes	**<u>Complaints Policy - Section 1.2</u>** *'An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents'* **<u>Complaints Leaflet</u>** *'We regard a complaint as any expression of dissatisfaction about our action or lack of action, or about the standard of service provided by us or on our behalf.'*	Our definition of a complaint is in line with the Scottish Public Services Ombudsman complaint handling guidance 2012, which was later revised in 2021. This is: "any expression of dissatisfaction about our action or lack of action, or about the standard of service provided by us or on our behalf" The customer facing complaints leaflet is available on all websites and the staff intranet. This sets out our complaint handling process for customers.
1.3	A customer does not have to use the word 'complaint' for it to be treated as such. Whenever a customer expresses dissatisfaction landlords must give them the choice to make complaint. A complaint that is submitted via a third party or representative must be handled in line with the landlord's complaints policy.	Yes – potential for further improvement	**<u>Complaints Policy - Section 1.2</u>** **<u>Complaints leaflet – Page 4</u>** '*Anyone who receives, requests or is directly affected by our services can make a complaint to us. This includes the representative of someone who is dissatisfied with our service (for example, a relative, friend, advocate or adviser)*' Our complaint handling training confirms that all expressions of dissatisfaction are to be handled as complaints.	Our complaints handling training makes it clear that the word complaint does not have to be used. SPSO guidance further states we should treat it as a complaint even if the customer does not want to make a complaint as this allows us to track trends and themes of complaints. Such cases are recorded as anonymous. Improvement: Add a statement in our policy and our leaflet to confirm that customers do not have to use the word 'complaint'.
1.4	Landlords must recognise the difference between a service request and a complaint. This must be set out in their complaints policy. A service request is a request from a customer to the landlord requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.	Yes – potential for further improvement	**<u>Complaints leaflet – Page 2 and 3.</u>** The complaints leaflet explains 'What *can and can't be complained about'*. Examples are provided to make this clear. This explains that *'a routine first time request for service'* is not a complaint.	Our complaints policy does not make any reference to first time requests for service although we do not treat first time requests for service as a complaint. Improvement: Add statement in policy to clarify that first time requests for service are not complaints.
1.5	A complaint must be raised when the customer expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. Landlords must not stop their efforts to address the service request if the resident complains.	Yes	**<u>Complaints leaflet – Page 2</u>** *<u>'What I can complaint about'</u>* Our case studies and regular review of Stage 2 complaints show that action continues while the complaint is investigated.	Our complaints handling approach is consistent with the requirement.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
1.6	An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where landlords ask for wider feedback about their services, they also must provide details of how customers can complain.	Partial	**Complaints policy - section 1.2** *'An expression of dissatisfaction,* ***however made,*** *about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents'*	Group Surveys are conducted anonymously and therefore cannot be used to raise complaints. However, any customer feedback on issues is passed to us where the customer provides their consent and may then become a complaint. Improvement: Add information to our independent satisfaction surveys to explain to customers how they can make a complaint. We will consider the scope for real time feedback to also include specific details of how to complain.

Section 2: Exclusions

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
2.1	Landlords must accept a complaint unless there is a valid reason not to do so. If landlords decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits	Yes	SPSO guidance highlights the exceptions where a complaint should not be raised. These are outlined in detail in our complaints leaflet.	We explain in our complaints leaflet that complaints should be reported to us within 6 months of the event itself. In exceptional circumstances, we may still consider these. Customers can escalate their complaint to Stage 2 within two months after receiving their Stage 1 complaint response. This can also be reconsidered in exceptional circumstances. This is in line with the SPSO guidance.
2.2	A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include: ▪ The issue giving rise to the complaint occurred over twelve months ago. ▪ Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court. ▪ Matters that have previously been considered under the complaints policy.	SPSO compliant	SPSO timelines differ slightly (six months rather than twelve) and this is reflected in our complaints-handling approach. **<u>Complaints leaflet – Page 5</u>** *'within six months of the event you want to complain about or finding out that you have a reason to complain; or within two months of receiving your stage 1 response (if this is later). In exceptional circumstances, we may be able to accept a stage 2 complaint after the time limit. If you feel that the time limit should not apply to your complaint, please tell us why'*. **<u>Complaints Leaflet – Page 3</u>** Issues which will not be considered are listed in full	SPSO timelines differ slightly (six months rather than twelve) as noted in the evidence comments. Our policy meets the SPSO requirements.
2.3	Landlords must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue, unless they are excluded on other grounds. Landlords must consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.	SPSO compliant	As above.	SPSO timelines differ slightly (six months rather than twelve) and this is reflected in our complaints-handling approach.
2.5	Landlords must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.	Yes	No blanket approach to excluding complaints. Customers can raise in a variety of ways and complaints are tracked through the Business Improvement Team to ensure a response is provided.	We do not take a blanket approach to excluding complaints.

Section 3: Accessibility and Awareness

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
3.1	Landlords must make it easy for customers to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of customers who may need to access the complaints process.	Yes	**Complaints leaflet – Page 12** ▪ Call us ▪ Write to us ▪ Speak to Housing Officer ▪ Visit website **Complaints Policy – Section 9.4** ▪ *'Where Wheatley is made aware that a customer has particular needs, staff will make reasonable adjustments to meet their needs. Examples of adjustments that may be made include (but are not limited to):* ▪ *Using different ways to communicate to customers;* ▪ *Arranging for translation services, large print or braille where required;* ▪ *Signposting customers to advocacy or support services if appropriate.'*	Complaints are taken through all our main channels. Complaints received via social media are handled by the Communications Team who direct customers to our complaints mailbox or encourage them to log in to their online accounts to report concerns.
3.2	Customers must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the landlord.	Yes	Customers can contact us in the ways outlined above. All relevant staff receive complaints handling training as part of induction.	Sample checks are made on CFC calls to ensure that complaints are being picked up.
3.3	High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that customers are unable to complain.	Yes	**Wheatley Group websites** https://www.wheatleyhomes-glasgow.com/about-us/how-we-do-business/compliments-and-complaints	Monthly complaint performance reports are provided to senior leaders across the Group each month. This focuses on lessons learned and insight. Our complaint handling performance is published on our websites. This includes service areas where customer complaints have been raised. We have no targets to reduce complaints but instead focus on effective handling and learning.
3.4	Landlords must make their complaint policy available in a clear and accessible format for all customers. This will detail the two stage process, what will happen at each stage, and the timeframes for responding. The policy must also be published on the landlord's website.	Yes	**Wheatley Group websites** https://www.wheatleyhomes-glasgow.com/about-us/how-we-do-business/compliments-and-complaints	Our customer facing complaints leaflet detailing our policy and process is available on all subsidiary websites. We explain that, on request, we can make this available in alternative formats.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
3.5	The policy must explain how the landlord will publicise details of the complaints policy, including information about the Ombudsman and this Code.	SPSO compliant	**<u>Wheatley Group websites</u>** https://www.wheatleyhomes-glasgow.com/about-us/how-we-do-business/compliments-and-complaints	Information is provided on our subsidiary websites. It highlights the links to the SPSO complaint handling guidance rather than the English Housing Ombudsman.
3.6	Landlords must give customers the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord.	Yes	***<u>Complaints Policy – Section 9.3 & 9.4</u>*** *'9.3 Wheatley recognises that some customers have disabilities or communication needs, which may make it difficult for them to express themselves or communicate clearly; especially when they are anxious or upset.* *9.4 [as set out at provision 3.1]*	Our complaints leaflet also informs customers how they can contact advocacy services to act on their behalf. We also explain that they can give consent to a friend, relative or advocate to make a complaint on their behalf.
3.7	Landlords must provide residents with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	SPSO compliant	**<u>Complaints Leaflet – Page 7</u>** *'After we have given you our final decision, if you are still dissatisfied with our decision or the way we dealt with your complaint, you can ask the Scottish Public Services Ombudsman (SPSO) to look at it.'*	Our complaints leaflet confirms the contact details for complaints relating factoring services and private lets. The leaflet also explains the process for taking complaints to the Care Commission. The Stage 2 response letter includes contact details for the relevant Ombudsman if the customer remains dissatisfied. Earlier correspondence does not contain these contact details as the SPSO requires customers to finish the first stages of the process prior to raising with them.

Section 4: Complaint Handling Staff

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
4.1	Landlords must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Code will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.	SPSO compliant	Our Business Improvement Team are responsible for coordinating and managing our complaint-handling process. Board and ET reports provide evidence of governance scrutiny of complaints handling and performance together with lessons learned. The SPSO does not require a specific "complaints officer". However, the Group Chief Executive is copied into all significant correspondence from the SPSO. The Executive Team take overall responsibility for complaints handling.	
4.2	The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly	SPSO compliant	This is not a specific SPSO requirement. However, the Business Improvement and Policy Lead has access to staff at all levels to ensure resolution. Escalation routes are available where required.	The Group Chief Executive and Business Improvement and Policy Lead have access to staff at all levels across the Group.
4.3	Landlords are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively	Yes	Staff complaint training is mandatory every 3 years and is coordinated via the Group 'MyAcademy'. Complaints training is also provided as part of the new staff induction process. This is reinforced by regular discussions at management teams, staff sessions and communities of excellence, including performance in relation to timescales.	

Section 5: The Complaint Handling Process

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
5.1	Landlords must have a single policy in place for dealing with complaints covered by this Code. Customers must not be treated differently if they complain.	Yes	**Our Complaints Policy** https://www.wheatleyhomes-glasgow.com/about-us/how-we-do-business/compliments-and-complaints	We have a single policy that applies to all Wheatley Group subsidiaries.
5.2	The early and local resolution of issues between landlords and customer is key to effective complaint handling. It is not appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.	Yes	**Complaints Policy – Section 2.4** *'Resolving complaints at the earliest opportunity drives customer satisfaction with our services. Finding appropriate solutions to complaints as soon as possible means we can deal with them locally and quickly, so they are less likely to escalate to the next stage of the procedure. The Complaints Policy and operational Complaint Handling Procedure will help us do our job better, improve relationships with our customers and enhance public perception of the Wheatley Group. It will help us keep the customer at the heart of the process, while enabling us to better understand how to improve our services by learning from complaints.'*	We operate a two stage complaints process that reflects the Scottish Public Services Complaint Handling Model. We aim to resolve complaints as rapidly as possible while ensuring the best solutions for customers.
5.3	A process with more than two stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.	Yes	Our complaints policy only has two stages and complies with the SPSO model complaint handling guidance.	We have a single policy that applies to all Wheatley Group subsidiaries.
5.4	Where a landlord's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the two stage complaints process set out in this Code. Residents must not be expected to go through two complaints processes.	Yes	We do not use a third party for any party of our complaints process.	
5.5	Landlords are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	As above.	
5.6	When a complaint is logged at Stage 1 or escalated to Stage 2, landlords must set out their understanding of the complaint and the outcomes the resident is seeking. The Code will refer to this as "the complaint definition". If any aspect of the complaint is unclear, the resident must be asked for clarification.	SPSO compliant	Stage 1 complaints can be acknowledged verbally in line with SPSO guidance. Stage 2 complaints are acknowledged in writing setting out the details of issues to be investigated and outcome being sought. Staff call customers where necessary to establish a complete understanding of the complaint. All details are recorded in ASTRA.	We intend to further reinforce this requirement as part of the planned training and guidance refresh underway.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
5.7	When a complaint is acknowledged at either stage, landlords must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	Our Call Handlers will explain what services we are responsible for. This would include signposting the customer to the relevant authority. This can be clarified in any further response.	We intend to further reinforce this requirement as part of the planned training and guidance refresh underway.
5.8	At each stage of the complaints process, complaint handlers must: a) deal with complaints on their merits, act independently, and have an open mind; b) give the resident a fair chance to set out their position; c) take measures to address any actual or perceived conflict of interest; and d) consider all relevant information and evidence carefully.	Yes	Our complaint handling training (in person and eLearning) encourages staff to independently assess each complaint on its own merits. We encourage staff to resolve issues raised by our customers. Stage 2 complaint investigations are dealt with by a senior manager who has not previously been involved and reviewed by the Business Improvement Team.	Stage 2 investigations can take up to 20 days although we aim to respond to these much sooner wherever possible. The review process includes ensuring that relevant information has been considered. Stage 2 complaints are signed off at Managing Director level.
5.9	Where a response to a complaint will fall outside the timescales set out in this Code, the landlord must agree with the resident suitable intervals for keeping them informed about their complaint.	Yes	Our Group Complaints Policy and Customer Leaflet explains that we will keep customers informed about their complaint. We aim to keep customers informed of any delay in their response but also work to deliver on time.100% of stage 2 responses have been completed on time this year and over 95% of stage 1 responses.	We have a clear tracking and reminder approach to support delivery within our target timescale.
5.10	Landlords must make reasonable adjustments for residents where appropriate under the Equality Act 2010. Landlords must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.	Partial	Our Policy states that we will make reasonable adjustments where required and this is included in staff training. A further strategic project for 2024/25 is reviewing how we can personalise services. This may allow us to more proactively create reasonable adjustments.	Reasonable adjustments made are usually confirmed in the individual complaint response to assure the customer that we have considered their needs and tailored services to meet requirements where this is possible. Our wider approach to the ongoing retention of this information is being taken forward as part of our personalised serviced approach following Board feedback.
5.11	Landlords must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. Landlords must clearly set out these reasons, and they must comply with the provisions set out in section 2 of this Code.	SPSO compliant	Our complaints policy and customer leaflet confirms that customers can escalate their complaint within 2 months of receiving their Stage 1 complaint response. Only the Business Improvement Team could refuse to escalate to stage 2. This is only done where the complaint is in relation to one of the exceptions outlined in our policy or the complaint is about a new issue which would normally be raised as a fresh Stage 1.	

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
5.12	A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.	Yes	All relevant information is recorded within the customer's ASTRA profile. This includes notes, attachments and lessons learned sections for additional information.	Astra complaints module enables us to keep a full record of the complaints and outcomes at each stage.
5.13	Landlords must have processes in place to ensure a complaint can be remedied at any stage of its complaints process. Landlords must ensure appropriate remedies can be provided at any stage of the complaints process without the need for escalation.	Yes	Our complaints module in Astra allows us to close complaints as resolved at any stage of the process.	Staff are encouraged to seek solutions to resolve customer complaints at the earliest opportunity.
5.14	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. Landlords must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.	Yes	**Unacceptable Actions Policy – Section 3** *'All incidents of unacceptable actions and any decision taken to restrict customer contact are recorded and we will ensure relevant employees are informed of any restrictions put in place; this may also include contractors and other statutory agencies'*	Unacceptable action information is recorded on ASTRA and is provided in writing to the customer. Our policy requires these to be reviewed by the relevant manager every 3 months.
5.15	Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.	Yes	**Unacceptable Actions Policy – Section 3** *'To manage a customer's actions under this policy, we must make sure we have gathered sufficient information and evidence to support any application of this. We will work to ensure that no individual experiences unfair treatment in the provision of our services and in line with our Equality, Diversity and Human Rights Policy, where a customer has a Disability which has a bearing on managing the customer's actions this will be taken into account where known, and any reasonable adjustments considered in assessing the proportionality of action to be taken.'*	This information is documented in the correspondence with the customer and on their customer profile in ASTRA.

Section 6: Complaints Stages

Stage 1

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.1	Landlords must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. Landlords must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.	Yes – SPSO compliant	Our complaints module in Astra allows us to close complaints as resolved at any stage of the process. In line with SPSO guidance, complex complaints which require detailed investigation can be escalated directly to Stage 2.	
6.2	Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure **within five working days of the complaint being received**.	SPSO compliant	Our Complaints policy complies with the SPSO model complaint handling guidance and is acknowledged within 2 working days of receipt.	As Stage 1 complaints can be dealt with verbally the acknowledgement may form part of the initial customer conversation.
6.3	Landlords must issue a full response to stage 1 complaints **within 10 working days** of the complaint being acknowledged.	SPSO compliant	Our Complaints policy complies with the SPSO model complaint handling guidance.	We aim to respond to Stage 1 complaints within 5 working days, in line with SPSO guidance.
6.4	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the reason(s) must be clearly explained to the resident.	SPSO compliant	SPSO guidance confirms that a complaints response can be extended provided there is an agreement with the customer. Complaints that are extended beyond 5 working days (stage 1), or 20 working days (stage 2), are still reported to have breached timescales, even though agreement has been reached with the customer. In practice, we rarely use this requirement because we have the resources to respond within our target timescale.	
6.5	When an organisation informs a customer about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	SPSO compliant	Our Complaints policy complies with the SPSO model complaint handling guidance.	The stage 2 complaint response template confirms the appropriate Ombudsman and contact details. The SPSO guidance does not require the contact details at Stage 1 as they will only deal with a complaint once it has been through both stages.
6.6	A complaint response must be provided to the customer when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	Complaints responses are provided within timescale and include any outstanding actions. These are not delayed awaiting the outcome of the action.	Local teams and specialist teams keep a manual commitment tracker for actions agreed as part of the complaint outcome.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.7	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	Our Stage 2 complaint investigations are evidence-based and where appropriate will explain to customers how we have reached our decisions and refer them to the relevant policies.	We encourage staff to contact customers to ensure that we have fully understood their complaint so that we can reply to all issues.
6.8	Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would unreasonably delay the response, the new issues must be logged as a new complaint.	Yes	Where issues are related and a response has not yet been provided, additional notes can be added to the open complaint and responded to as appropriate.	
6.9	Landlords must confirm the following in writing to the resident at the completion of stage 1 in clear, plain language: a) the complaint stage; b) the complaint definition; c) the decision on the complaint; d) the reasons for any decisions made; e) the details of any remedy offered to put things right; f) details of any outstanding actions; and g) details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.	SPSO compliant	The SPSO complaint handling guidance does not require Stage 1 complaint responses to be in writing. A proportion of our complaints are resolved in the initial contact or a subsequent follow up. In line with the SPSO guidance these do not require a letter but the details of the complaint are logged on ASTRA. Customers have told us that they do not always want a written response to initial complaints. Written responses are provided where requested by the customer or where our staff feel that this will help with the resolution. Our Stage 1 complaint letter template includes information on how to escalate complaints.	Our Complaints policy complies with the SPSO model complaint handling guidance.

Stage 2

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.10	If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the landlord's procedure. Stage 2 is the landlord's final response.	SPSO compliant	Our Complaints Policy outlines that where we do not resolve the issue to the customer's satisfaction it should be escalated to stage 2 unless specifically excluded by the SPSO exceptions.	Our Complaints Policy complies with the SPSO model complaint handling guidance.
6.11	Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within five working days of the escalation request being received.	SPSO compliant	Stage 2 complaints are escalated and acknowledged by the Business Improvement Team.	Our Complaints Policy complies with the SPSO model complaint handling guidance.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.12	Residents must not be required to explain their reasons for requesting a stage 2 consideration. Landlords are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.	SPSO compliant	Customers must explain what issues they want to be investigated and the outcome they are seeking in line with SPSO guidance. Our staff will speak to customers to ensure we correctly understand their issues.	
6.13	The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.	Yes	Frontline officers are responsible for responding to Stage 1 complaints. Stage 2 complaints are considered by senior managers. Processes are in place to ensure these are not dealt with by the same person.	Stage 2 complaints are investigated by the relevant senior manager and signed off by the Managing Director for each Group Subsidiary. If that Managing Director has already dealt with the complaint at Stage 1 another Managing Director will investigate it at Stage 2.
6.14	Landlords must issue a final response to the stage 2 **within 20 working days** of the complaint being acknowledged.	Yes	Stage 2 complaints must be responded to within 20 working days of the complaint being 'received'. Our performance monitoring shows that 100% of stage 2 complaints have been responded to within timescale this year.	
6.15	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	An agreement should be reached with the customer prior to 20 working days. In practice, this has not been used this year as all stage 2 complaints have been dealt with within 20 days.	Our Complaints Policy complies with the SPSO model complaint handling guidance.
6.16	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	SPSO compliant	If we agree an extension to complaints this will be confirmed with the customer along with an expected completion date. At Stage 2 we will provide the customer with the contact details for the relevant Ombudsman.	Our Complaints Policy complies with the SPSO model complaint handling guidance. SPSO guidance requires the customer to complete the two stage process within the Group prior to escalation to them.
6.17	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	Our complaints responses outline the actions we have or are going to take to resolve issues (where the matter is upheld). We may hold the response to ensure a short-term action is done but will not unnecessarily delay a response for future actions.	
6.18	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	The Business Improvement team set out the issues to be responded to in our letter templates and Senior Managers contact customers directly to ensure that these are the issues to be responded to. Business Improvement Team also review for completeness prior to issue.	

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.19	Landlords must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language: a) the complaint stage; b) the complaint definition; c) the decision on the complaint; d) the reasons for any decisions made; e) the details of any remedy offered to put things right; f) details of any outstanding actions; and g) details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied.	Yes	These are all included within our complaints stage 2 templates. The responses are reviewed by the Business Improvement Team for completeness.	
6.20	Stage 2 is the landlord's final response and must involve all suitable staff members needed to issue such a response.	Yes	Senior leaders responsible for service delivery are asked to authorise stage 2 responses. They have the authority to involve all relevant staff.	

Section 7: Putting things right

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
7.1	Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include: ▪ Apologising; ▪ Acknowledging where things have gone wrong; ▪ Providing an explanation, assistance or reasons; ▪ Taking action if there has been a delay; ▪ Reconsidering or changing a decision; ▪ Amending a record or adding a correction or addendum; ▪ Providing a financial remedy; ▪ Changing policies, procedures or practices.	Yes	We follow the SPSO's apology guidance when something has gone wrong. We also identify the lessons learned where appropriate.	
7.2	Any remedy offered must reflect the impact on the resident as a result of any fault identified.	SPSO compliant	We outline and deliver the actions required to resolve any issues and consider goodwill payments where appropriate.	New goodwill guidance is currently being developed to help ensure a consistent approach.
7.3	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	In our complaint responses, we set out what actions / remedies have been arranged and agreed together with the timescale.	
7.4	Landlords must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.	SPSO compliant	New goodwill guidance is currently being developed which takes account of the Ombudsman's approach but remains in line with the SPSO guidelines.	

Section 8: Putting things right

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
8.1	Landlords must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include: a) the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements. b) a qualitative and quantitative analysis of the landlord's complaint handling performance. This must also include a summary of the types of complaints the landlord has refused to accept; c) any findings of non-compliance with this Code by the Ombudsman; d) the service improvements made as a result of the learning from complaints; e) any annual report about the landlord's performance from the Ombudsman; and f) any other relevant reports or publications produced by the Ombudsman in relation to the work of the landlord.	SPSO compliant	**Annual Report**: https://www.wheatley-group.com/__data/assets/pdf_file/0031/229684/102795_WG_Leaflet_Annual-Complaints-Report.pdf	Our annual report meets the SPSO requirements. It provides analysis of complaints handling, lessons learned and case studies.
8.2	The annual complaints performance and service improvement report must be reported to the landlord's governing body (or equivalent) and published on the on the section of its website relating to complaints. The governing body's response to the report must be published alongside this.		**Annual Report**: https://www.wheatley-group.com/__data/assets/pdf_file/0031/229684/102795_WG_Leaflet_Annual-Complaints-Report.pdf	Separate reports on complaints handling performance and customer insight are reported to the Board. The Annual Report is signed off by the relevant Group Director and published on our websites.
8.3	Landlords must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.	N/A		No applicable events in the last year.
8.4	Landlords may be asked to review and update the self-assessment following an Ombudsman investigation.	N/A		The SPSO can ask that we complete their self-assessment for individual complaints that are brought to them. This is usually completed and submitted along with supporting evidence.

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
8.5	If a landlord is unable to comply with the Code due to exceptional circumstances, such as a cyber incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website Landlords must provide a timescale for returning to compliance with the Code.	N/A	Information on any issues impacting our ability to respond to complaints is published on our websites. This was evidenced during the Covid 19 pandemic. No relevant issues have occurred in the last 12 months.	

Section 9: Scrutiny & oversight: continuous learning and improvement

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
9.1	Landlords must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	Yes	**Annual Report**: https://www.wheatley-group.com/__data/assets/pdf_file/0031/229684/102795_WG_Leaflet_Annual-Complaints-Report.pdf	We regularly review themes and lessons learned at senior management team meetings, Executive Team and Communities of Excellence to identify improvement actions going forward.
9.2	A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes. Landlords must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	Yes	Learning from complaints collated by Business Improvement Team and shared with Senior Managers and Communities of Excellence leads. These are the subject of regular reports to the Executive Team and Boards	
9.3	Accountability and transparency are also integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints to stakeholders, such as residents' panels, staff and relevant committees.	Yes	**Annual Report**: https://www.wheatley-group.com/__data/assets/pdf_file/0031/229684/102795_WG_Leaflet_Annual-Complaints-Report.pdf	In addition to the annual report, learning from our complaints is shared with service leads, the Executive Team and Board reports, and a focus for our Stronger Voice Panels.
9.4	Landlords must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	Yes	All Managing Directors across the Group are responsible for their complaint handling performance. The Business Improvement and Policy Lead shares trends and themes from complaints.	Our monthly complaint handling reports provides details of complaints performance including timescales for responses, themes
9.5	In addition to this a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to as the Member Responsible for Complaints ('the MRC').	N/A		The Group Chief Executive, Group Director of Governance and Business Solutions and Business Improvement and Policy Lead are the senior officers responsible for complaint.
9.6	The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the landlord's complaint handling performance. This person must have access to suitable information and staff to perform this role and report on their findings.	N/A	Complaints performance reports are provided monthly to Managing Directors; quarterly reports are provided to our Group Executive team and 6 monthly to Boards	

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
9.7	As a minimum, the MRC and the governing body (or equivalent) must receive: a) regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance; b) regular reviews of issues and trends arising from complaint handling; c) regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and d) annual complaints performance and service improvement report.	Partial/ N/A	The Business Improvement Team provide all Group subsidiaries with their complaint handling performance reports each month. This includes complaint categories and details of individual complaints. Any outcomes confirmed by the Ombudsman are shared with the Managing Director, Group Director of Governance and Business Solutions and Group Chief Executive. Complaints performance reports are provided monthly to Managing Directors; quarterly reports are provided to our Group Executive team and 6 monthly to Boards	We have a performance template and register of all complaints being investigated by the Ombudsman. In addition, we publish an annual complaints performance report. On request the Ombudsman can request sight of our complaint handling performance indicators. These are separate to those that are requested by the regulator.
9.8	Landlords must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to: a) have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments; b) take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and c) act within the professional standards for engaging with complaints as set by any relevant professional body.	SPSO compliant	Our objective in complaint handling is to resolve the issues raised and identify areas for improvement based on our customer's experience of our services. Thinking Yes and working collaboratively and using our staff expertise across the Group are part of our culture.	

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 18 December 2024

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1. Purpose

1.1 The purpose of this paper is to:

- provide the Board with the financial results for the period to 31 October 2024.

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 31 October 2024

3.1 The results for the period to 31 October as presented in Appendix 1 are:

	Year to Date (Period 7)		
£m	**Actual**	**Budget**	**Variance**
Turnover	274.7	273.9	0.8
Operating expenditure	(208.7)	(211.2)	2.5
Operating surplus	**66.0**	**62.7**	**3.3**
Operating margin	*24.0%*	*22.9%*	
Net interest payable	(42.4)	(43.0)	0.6
Surplus	**23.6**	**19.7**	**3.9**
Net Capital Expenditure	**110.7**	**109.2**	**(1.5)**

4. Discussion

4.1 The Group is reporting a statutory surplus of £23.6m, £3.9m favourable to budget. The financial results report a continued strong operating performance across all our core operating activities. Income levels have benefitted from earlier new build completions and improved void rent loss. The majority of expenditure categories are favourable to budget including repairs where job numbers and average costs are in line with expectations. Interest costs on borrowings are also reporting a favourable position with a lower variable rate and new borrowings fixed at a lower rate than assumed in the financial projections.

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 in both the RSLs and Lowther 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 347 units completed (236SR and 111MMR) to date and is £0.8m unfavourable to budget with the slightly later than budgeted completions at Calton Ph1 (80SR), West Craigs Ph3 (35SR and 8MMR) and at Victory Lane (24 MMR) offset in part by early completion of 102SR and 52MMR units at Shandwick Street, Rosewell, Deans South, Blindwells, West Craigs Ph1 & 2 and South Fort Street;

- other income is £0.5m 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 £2.5m favourable to budget:
  - running costs are £0.8m 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 leading to lower than budgeted group recharges of £0.6m 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 reactive repairs costs, improve efficiency and to keep repairs spend within budget continues to support the delivery of 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; and
  - bad debt costs are £0.9m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.

- net 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 Pricoa at a lower rate than assumed in the financial projections.

4.3 Within capital expenditure, net new build spend is £3.5m unfavourable to budget with new build investment spend £21.8m lower than budget and grant income £25.3m lower than budget. Securing approvals for new projects this year has been challenging in light of the reduction in the amount of grant available to support housing development a key driver for the reduction in overall grant income and associated new build development spend. Further details of the sites contributing to the variances are outlined on page 1a) in Appendix 1.

4.4 The net core investment spend of £43.2m is £1.3m favourable to budget with reduced spend in voids partially offset by increased capitalised repairs. Good progress is being made in the delivery of the RSL and [redacted]r core investment programme compared to budget. This will be supplemented with an extra £3.8m of investment spend over and above the approved budget which was agreed to utilising additional financial capacity released following the covenant changes. The spend is planned for Q3 and Q4 and will be used for necessary investment in tenants' homes.

4.5 Overall, the RSL Borrower Group is reporting an underlying surplus of £9.3m which is £5.3m favourable to budget at this point in the year. While a favourable position, the Q2 forecast out-turn presented at the November meeting reflected the timing of expenditure in the remaining months of 2024/25 which included the agreed £3.8m additional core investment work, the fire door inspection programme in our high-rise properties, the formation of a new neighbourhood improvement team and additional repairs staff in WH East. Together these items combined with operational trading performance report a forecast underlying surplus of £1.6m at a full Group level which is £3.0m lower than budget attributable to the extra investment spend agreed earlier in the year following the changes to the interest cover covenant.

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 as we proceed with the implementation of our Funding Strategy.

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 31 October 2024.

13. Recommendations

13.1 The Board is requested to note the Group management accounts for the period ended 31 October 2024.

LIST OF APPENDICES:

Appendix 1: Wheatley Group Financial Report to 31 October 2024

Appendix 1: Wheatley Group Financial Report To October 2024 (Period 7)

1a) Wheatley Group – Period to October 2024

	Period to 31 October 2024			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	206,408	205,659	749	352,784
Grant income New Build	38,289	39,053	(764)	79,557
Grant income Other	4,610	4,334	276	14,018
Other Income	25,375	24,858	517	41,006
Total Income	**274,682**	**273,904**	**778**	**487,365**
EXPENDITURE				
Employee Costs	53,587	53,557	(31)	91,019
ER/VR	108	108	-	1,050
Running Costs	27,691	28,461	770	52,049
Repairs & Maintenance	54,398	55,168	770	88,887
Bad debts	1,716	2,651	935	4,542
Depreciation	70,995	70,995	-	122,109
Demolition Programme	249	305	56	523
Total Expenditure	**208,743**	**211,245**	**2,502**	**360,179**
NET OPERATING SURPLUS	**65,939**	**62,659**	**3,280**	**127,186**
	24.0%	22.9%		26.1%
Net interest payable	(42,376)	(42,998)	622	(78,116)
STATUTORY SURPLUS/(DEFICIT)	**23,563**	**19,661**	**3,902**	**48,832**

Key highlights:

Net operating surplus is £65,939k, £3,280k favourable to budget. A statutory surplus of £23,563k is reported, £3,902k favourable compared to budget. The variance to budget reflects additional net rental income, other income and reduced costs across expenditure.

Total income of £274,682k is £778k favourable to budget:

- Net rental income is £749k 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 £155k additional income to budget, and earlier than budgeted new build handovers in the East and South. In addition, rent loss on voids is £394k favourable with voids at 1.14% compared to the budgeted 1.33%.
- New build grant income recognised to date relates to 347 units completed (236SR and 111MMR). Overall grant income is £764k unfavourable linked to the timing of new build completions at various sites including at Calton phase 1 (WH Glasgow), West Craigs Ph3 (WHE) and Victory Lane (Lowther) offset by early completion at Shandwick Street, Rosewell, Deans South, Blindwells, West Craigs Ph1 & 2 and South Fort Street.
- Other grant income is £276k favourable to budget, with higher than budgeted renewable heat incentive grant income and Supporting People grant income from DGC in WH South and £199k of unbudgeted SHNZ income (with matched additional investment spend) for WH East and WH Glasgow
- Other income is £517k 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 £208,743k is £2,502k 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 £770k favourable to budget attributable to value for money and cost efficiencies resulting in lower than budgeted group recharges from Wheatley Solutions of £571k and lower than budgeted direct costs of £199k which are mainly due to the timing of spend compared to budget at this point in the year.
- Revenue repairs and maintenance spend is £770k favourable to budget, with reduced spend noted across responsive repairs of £160k, mainly due to reduced average costs, and £610k reduced compliance spend across all RSL's, due to timing of spend. All legislative requirements have been met.
- Bad debts are £935k favourable to budget with a prudent provision set aside for increases in arrears.

Net Interest payable is £622k favourable to budget. Net interest payable includes unbudgeted interest received of £222k, mainly in the Wheatley Foundation. Interest payable is £400k 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 October 2024

Capital Investment	Period to 31 October 2024			Full Year
	Actual £'000	Budget £'000	Variance £'000	Budget £'000
CORE PROGRAMME				
SHNZ	1,156	957	199	3,404
Adaptations	1,374	1,374	0	2,902
Grant Income	**2,530**	**2,331**	**199**	**6,306**
Core Investment Programme	26,878	28,010	1,132	47,699
SHNZ	1,156	957	(199)	3,404
Adaptations	2,243	2,221	(22)	4,184
Voids	9,010	9,438	428	14,087
Capitalised Repairs	6,478	6,281	(197)	11,697
Total Core Investment	**45,765**	**46,907**	**1,142**	**81,071**
NET CORE INVESTMENT SPEND	**43,235**	**44,576**	**1,341**	**74,765**
NEW BUILD				
New Build Grant Income Received	34,550	59,885	(25,335)	116,755
New Build investment	95,230	117,059	21,829	224,975
NET NEW BUILD INVESTMENT SPEND	**60,680**	**57,174**	**(3,506)**	**108,220**
OTHER FIXED ASSET INVESTMENT SPEND	**6,870**	**7,496**	**626**	**12,856**
TOTAL NET CAPITAL INVESTMENT SPEND	**110,785**	**109,246**	**(1,539)**	**195,841**

Key highlights:

Net capital expenditure of £110,785k is £1,539k unfavourable to budget.

- The net core investment spend was £1,341k 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 £3,506k unfavourable to budget with new build investment spend £21,829k lower than budget and grant income £25,335k lower than budget. The development at Shawbridge Arcade has proceeded with spend of £4,281k in the year to date, the grant for this project will be claimed in 2025/26.
- New build grant income of £34,550k is £25,335k less than budget due to reduced claims made in WH Glasgow for Shawbridge Arcade, 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, Dalhousie South Phase 1 and Deans South Phase 1B. In Lowther, there has been reduced grant claims for Ashgill Road as the grants were received in 2023/24, budgeted to be received in 2024/25.
- Reduced new build spend reflects the delay in the works at Sighthill Phase 2, Calton Phase 2, Kelvin Wynd and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood and College Mains 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 WHGlasgow at Shawbridge Arcade, in WHEast including Blindwells, Sibbalds Brae and West Craigs Ph3 and additional spend at Johnstonebridge in WH South.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £626k is mainly due to the timing of spend on IT projects and the deferral of the Stranraer Office.

Wheatley Group Financial Report
To October 2024 (Period 7)

RSL Borrower Group

2a) RSL Borrower Group – Period to October 2024

	Period to 31 October 2024			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	194,381	193,810	571	331,406
Grant income New Build	38,037	36,952	1,085	77,456
Grant income Other	4,610	4,334	276	14,018
Other Income	8,506	8,103	403	14,794
Total Income	**245,534**	**243,199**	**2,335**	**437,674**
EXPENDITURE				
Employee Costs	38,702	38,681	(21)	65,458
ER/VR	108	108	-	1,050
Running Costs	20,692	21,414	722	36,926
Repairs & Maintenance	50,814	51,617	803	82,737
Bad debts	1,341	2,464	1,123	4,225
Depreciation	70,995	70,995	-	122,109
Demolition Programme	249	305	56	523
Total Expenditure	**182,901**	**185,584**	**2,683**	**313,028**
NET OPERATING SURPLUS	**62,633**	**57,615**	**5,018**	**124,646**
	25.5%	23.7%		28.5%
Interest receivable	102	77	25	118
Interest payable	(40,972)	(41,372)	400	(75,329)
STATUTORY SURPLUS/(DEFICIT)	**21,763**	**16,320**	**5,443**	**49,435**

Key highlights:

The operating surplus to 31 October is £62,633k, £5,018k favourable to budget. Statutory surplus of £21,763k is reported, £5,443k favourable to budget. The variance to budget reflects additional net rental and other income, early handover of new build grant and reduced costs across expenditure.

Total income of £245,534k is £2,335k favourable to budget:

- Net rental income is £571k 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 £155k additional income to budget, and earlier than budgeted handovers in the East and South. In addition, rent loss on voids is £197k favourable with voids at 1.15% compared to the budgeted 1.26%.
- New build grant income is £1,085k favourable with the completion of 80 units at Calton phase 1 budgeted for August and October in WH Glasgow with 57 completing in November and 23 due for completion in December and in WH East, delays at West Craigs Ph3 (35SR and 8MMR) offset by early completion of 102SR and 52MMR units at Shandwick Street, Rosewell, Deans South, Blindwells, West Craigs Ph1 & 2 and South Fort Street.
- Other grant income is £276k favourable to budget, with higher than budgeted renewable heat incentive grant income and Supporting People grant income from DGC in WH South and £199k of unbudgeted SHNZ income (with matched additional investment spend) for WH East and WH Glasgow.
- Other income is £403k 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 £182,901k is £2,683k favourable to budget:

- Employee costs (direct and group services) are £21k unfavourable to budget is due to a small number of vacancies in the budgeted structure being offset by additional spend from Wheatley Solutions for group employee costs.
- Running costs (direct and group services) are £722k favourable to budget mainly attributable to lower than budgeted group recharges of £521k due to 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 £803k favourable to budget. Responsive repairs are £193k lower than budget across all RSLs and cyclical repairs are also £610k lower than budget due to timing of spend. All legislative requirements have been met.
- Bad debts are £1,123k favourable to budget with a prudent provision set aside for increases in arrears.

Interest payable is £400k 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 October 2024

Capital Investment	Period to 31 October 2024 Actual £'000	Budget £'000	Variance £'000	Full Year Budget £'000
CORE PROGRAMME				
SHNZ	1,156	957	199	3,404
Adaptations	1,374	1,374	0	2,902
Grant Income	**2,530**	**2,331**	**199**	**6,306**
Core Investment Programme	26,580	27,553	973	46,352
SHNZ	1,156	957	(199)	3,404
Adaptations	2,243	2,221	(22)	4,184
Voids	9,010	9,438	428	14,087
Capitalised Repairs	6,478	6,281	(197)	11,697
Total Core Investment	**45,467**	**46,450**	**983**	**79,724**
NET CORE INVESTMENT SPEND	**42,937**	**44,119**	**1,182**	**73,418**
NEW BUILD				
New Build Grant Income Received	32,256	55,384	(23,128)	114,958
New Build investment	89,133	110,573	21,440	213,200
NET NEW BUILD INVESTMENT SPEND	**56,877**	**55,189**	**(1,688)**	**98,242**
OTHER FIXED ASSET INVESTMENT SPEND	**6,748**	**7,394**	**646**	**12,681**
TOTAL NET CAPITAL INVESTMENT SPEND	**106,562**	**106,702**	**140**	**184,341**

Key highlights:

Net capital expenditure of £106,562k is broadly in line with budget.

- Net investment spend is £1,182k 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 high value repairs being undertaken including roof, fencing, windows, asbestos and damp and rot remedial work.

- Net new build spend is £1,688k unfavourable to budget with new build investment spend £21,440k below budget and grant income £23,128k below budget. Shawbridge Arcade has proceeded on site with spend of £4,281k in the year to date, the grant for this project will be claimed in 2025/26.

- New build grant income of £32,256k is £23,128k less than budget due to reduced claims made in WH Glasgow for Shawbridge Arcade, 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, Dalhousie South Phase 1 and Deans South Phase 1B.

- Reduced new build spend reflects the delay in the works at Sighthill Phase 2, Calton Phase 2, Kelvin Wynd and at North Toryglen in WH Glasgow, a delay in the spend at Ashwood and College Mains 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 WHGlasgow at Shawbridge Arcade, in WH East including Blindwells, Sibbalds Brae and West Craigs Ph3 and additional spend at Johnstonebridge in WH South.

- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £646k is mainly due to the timing of spend on IT projects and the deferral of the Stranraer office.

2b) RSL Borrower Group underlying surplus – Period to October 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 £9,254k has been reported for the period to 31 October 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.

While the underlying surplus reported to 31 October 2024 is £5,341k favourable to budget, the variances reported in the year to date position will unwind by the end of the financial year as shown in the Q2 forecast out-turn shown on page 21.

Borrower Group Underlying Surplus - October 2024				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating Surplus	62,633	57,615	5,018	124,646
add back:				
Depreciation	70,995	70,995	0	122,109
less:				
Grant Income	(38,037)	(36,952)	(1,085)	(77,456)
Net interest payable	(40,870)	(41,295)	425	(75,329)
Total Core investment	(45,467)	(46,450)	983	(79,724)
Underlying surplus	**9,254**	**3,913**	**5,341**	**14,246**

2c) Wheatley Homes Glasgow – Period to October 2024

	Period To October 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	132,200	132,005	195	225,333
Void Losses	(1,530)	(1,575)	45	(2,693)
Net Rental Income	130,670	130,430	240	222,640
Grant Income New Build	568	8,419	(7,851)	20,527
Grant Income Other	2,214	2,128	86	8,000
Other Income	6,765	6,514	251	14,823
Total Income	**140,217**	**147,491**	**(7,274)**	**265,990**
EXPENDITURE				
Employee Costs - Direct	19,149	19,157	8	32,504
Employee Costs - Group Services	9,618	9,554	(64)	15,922
ER / VR	108	108	(0)	840
Direct Running Costs	8,292	8,326	34	14,292
Running Costs - Group Services	5,045	5,420	375	9,564
Revenue Repairs and Maintenance	37,309	37,396	87	58,089
Bad debts	882	1,529	647	2,622
Depreciation	49,164	49,164	0	84,281
Demolition	6	0	(6)	0
TOTAL EXPENDITURE	**129,573**	**130,654**	**1,081**	**218,114**
NET OPERATING SURPLUS / (DEFICIT)	**10,644**	**16,837**	**(6,193)**	**47,876**
Net operating margin	*7.6%*	*11.4%*	*-3.8%*	18%
Interest payable & similar charges	(28,681)	(28,615)	(66)	(54,332)
STATUTORY SURPLUS / (DEFICIT)	**(18,037)**	**(11,778)**	**(6,259)**	**(6,456)**

INVESTMENT	Period To October 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
Total Capital Investment Income	**11,571**	**26,989**	**(15,418)**	**50,977**
Investment Programme Expenditure	31,759	31,692	(67)	53,829
New Build Programme	27,117	40,475	13,358	85,317
Other Capital Expenditure	5,336	5,340	4	8,946
TOTAL CAPITAL EXPENDITURE	**64,212**	**77,507**	**13,295**	**148,092**
NET CAPITAL EXPENDITURE	**52,641**	**50,518**	**(2,123)**	**97,115**

Wheatley Homes Glasgow

Key highlights:

WH Glasgow reports net operating surplus of £10,644k, which is £6,193k unfavourable to budget and a statutory deficit of £18,037k, £6,259k unfavourable to budget. The unfavourable outturn mainly relates to a delay in the timing of new build completions compared to the budgeted profile. partly offset by a favourable expenditure position compared to budget.

- Net Rental income is £240k favourable to budget with the variance relating to 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 £7,851k, with completion of 80 units at Calton phase 1 budgeted for August and October with 57 completing in November and 23 due for completion in December, partly offset by early completion of 12 units at Shandwick Street in October.
- Other grant income includes £86k of unbudgeted SHNZ grant income with corresponding costs in Investment programme expenditure.
- Other income is £251k 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 £56k 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 £409k favourable to budget. Group recharges are £375k favourable to budget due to savings in IT running costs and several other departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £87k favourable to budget. Responsive repairs are broadly in line with budget. Compliance spend reports £64k favourable variance due to the timing of the programme.
- Bad debts are £647k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £66k unfavourable to budget linked to the timing of loan drawdowns compared to budget.

Net capital expenditure of £52,641k is £2,123k higher than budget.

- Capital investment income (grants) is £15,418k lower than budget mainly due to the timing of spend at Calton Phase 2 and Sighthill Phase 2, and at North Toryglen and Shawbridge Arcade where the grant has been confirmed as being claimable in 2025/26.
- Investment programme spend is £67k unfavourable to budget with lower spend in capitalised voids, partly offset by additional core programme spend linked to the Board approved additional capacity created for investment by the borrower group covenant change.
- New build spend is £13,358k lower than budget, following a delay in the works at Sighthill Phase 2 and Kelvin Wynd, a delayed site start at North Toryglen as well as lower spend at Calton Phase 2. This is offset in part by accelerated spend at Shawbridge Arcade due to an earlier than budgeted site start.
- Other capital expenditure of £5,336k is £4k 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 October 2024

Loretto Housing

	Period To 31 October 2024 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INCOME				
Rental Income	9,963	9,970	(7)	17,103
Void Losses	(190)	(250)	60	(423)
Net Rental Income	**9,773**	**9,720**	**53**	**16,680**
Grant Income	**0**	**0**	**0**	**5,766**
Other Grant Income	**37**	**37**	**0**	**117**
Other Income	**65**	**65**	**0**	**815**
Total Income	**9,875**	**9,822**	**53**	**23,378**
EXPENDITURE				
Employee Costs - Direct	724	727	3	1,246
Employee Costs - Group Services	525	520	(5)	885
ER / VR	0	0	0	0
Direct Running Costs	1,052	1,104	52	1,905
Running Costs - Group Services	267	287	20	507
Revenue Repairs and Maintenance	2,499	2,563	64	4,464
Bad debts	89	100	11	172
Depreciation	4,155	4,155	0	7,156
TOTAL EXPENDITURE	**9,311**	**9,456**	**145**	**16,335**
OPERATING SURPLUS / (DEFICIT)	**564**	**366**	**198**	**7,043**
Net operating margin	*5.7%*	*3.7%*	*2.0%*	
Interest Payable	(2,140)	(2,294)	154	(4,157)
STATUTORY SURPLUS / (DEFICIT)	**(1,576)**	**(1,928)**	**352**	**3,124**

	Period To 31 October 2024 Actual £k	Budget £k	Variance £k	Full Year Budget £k
INVESTMENT				
Total Capital Investment Income	**4,579**	**9,073**	**(4,494)**	**14,933**
Investment Programme	2,314	2,309	(5)	3,496
New Build Programme	10,872	14,913	4,041	24,959
Other Capital Expenditure	141	226	85	387
TOTAL CAPITAL EXPENDITURE	**13,327**	**17,448**	**4,121**	**28,842**
NET CAPITAL EXPENDITURE	**8,748**	**8,375**	**(373)**	**13,909**

Key highlights:

Net operating surplus of £564k is £198k favourable to budget. Statutory deficit for the year is £1,576k and is £352k favourable to budget with a favourable position on void losses, operating costs and interest payable.

- Net rental income is £53k favourable to budget with void losses in the period £60k favourable with a rate of 1.91% against a budget of 2.51%.
- Total running costs are £72k favourable to budget, linked to savings in cleaning and council tax on voids, the timing of direct spend lower group recharges due to lower IT running costs and several Wheatley Solutions departments currently reporting lower costs.
- Revenue repairs and maintenance is £64k favourable to budget. Responsive repairs are £108k favourable to budget, partly offset by compliance spend being £52k higher than budget due to the timing of the programme.
- Bad debts are £11k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £154k favourable due to the timing of loan drawdowns and lower base rate on the variable loans compared to budget.

Net capital expenditure of £8,748k is £373k higher than budget.

- Capital investment income (grant) is £4,494k lower than budget due to the timing 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 South Crosshill, which was received in full in the prior year.
- Investment programme expenditure of £2,314k relates to core programme works, capitalised repairs and voids. Capitalised repairs, adaptations and void repairs report spend higher than budget and is being closely monitored to align spend to budget for the full financial year.
- New build spend is £4,041k 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.
- Other capital expenditure of £141k 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 October 2024

	Year to 31 October 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	24,499	24,408	91	42,007
Void Losses	(369)	(338)	(31)	(563)
Net Rental Income	**24,130**	**24,070**	**60**	**41,444**
Grant Income Recognised in the Year	21,051	12,115	8,936	34,745
Other Grant Income	455	342	113	604
Other Income	2,013	1,956	58	7,324
TOTAL INCOME	**47,649**	**38,482**	**9,167**	**84,117**
EXPENDITURE				
Employee Costs - Direct	2,767	2,700	(67)	4,621
Employee Costs - Group Services	1,533	1,521	(12)	2,586
ER/VR	0	0	0	0
Direct Running Costs	2,845	2,864	19	4,910
Running Costs - Group Services	898	963	65	1,700
Revenue Repairs and Maintenance	3,994	4,016	22	7,138
Bad Debts	218	219	1	375
Depreciation	8,669	8,669	0	15,231
TOTAL EXPENDITURE	**20,924**	**20,952**	**28**	**36,561**
NET OPERATING SURPLUS	**26,725**	**17,530**	**9,195**	**47,556**
Net Operating Margin	*56%*	*46%*	*11%*	*57%*
Interest payable & similar charges	(5,824)	(5,979)	155	(9,335)
STATUTORY SURPLUS	**20,901**	**11,551**	**9,350**	**38,221**

	Year to 31 October 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**16,331**	**18,592**	**(2,261)**	**32,744**
Investment Programme Expenditure	4,309	4,363	54	6,966
New Build & Other Investment	46,608	49,258	2,650	87,201
Other Capital Expenditure	546	706	160	1,211
TOTAL CAPITAL EXPENDITURE	**51,463**	**54,327**	**2,864**	**95,378**
NET CAPITAL EXPENDITURE	**35,132**	**35,734**	**602**	**62,634**

Key highlights:

Net operating surplus of £26,725k is £9,195k favourable to budget. Statutory surplus for the period is £20,901k, £9,350k favourable to budget with the earlier than budgeted release of grant income on new build completions contributing to the variance.

- Gross rental income is £91k favourable to budget due to additional rental income from earlier than budgeted new build completions. Void losses of £369k are £31k adverse to budget due to higher voids at supported sites and the Harbour.
- Grant income recognised is £8,936k favourable to budget due to the earlier than budgeted completions. Units completed ahead of budget include West Craigs Ph1&2 (52MMR), Rosewell (25SR), South Fort (11 SR), Deans South (31SR) and Blindwells (23SR). This is offset by delays at West Craigs Ph3 (35SR & 8MMR).
- Other grant income of £455k includes £113k of unbudgeted SHNZ grant income with corresponding costs in Investment spend below.
- Other income of £2,013k is £58k favourable to budget and includes lease income from Lowther for the earlier than forecast completions of MMR properties at West Craigs and Southfort.
- Total employee costs are £79k unfavourable to budget. Direct employee costs are £67k unfavourable to budget, due to an additional project worker post at the Harbour, 3 sickness covers in the housing team and an increase in agency staffing costs at the Harbour and retirement complexes. Group employee costs are £12k unfavourable to budget due to the timing of changes within budgeted structures in Wheatley Solutions.
- Total running costs are £84k favourable to budget and includes group running costs £65k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £22k favourable to budget with responsive repairs £14k favourable and cyclical maintenance £8k favourable due to timing of spend.

Net interest payable of £5,824k 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 vs budget and a lower base rate on the variables loans compared to budget.

Net capital expenditure of £35,132k is £602k lower than budget.
- Capital investment income is £2,261k lower than budget due to lower grant claims at Deans South Ph2 following a revised grant drawdown profile in 2025/26 and 2026/27 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 £54k favourable to budget, mainly due to lower than budgeted spend on capitalised voids, timing of core investment spend partly offset by the additional unbudgeted SHNZ spend.
- New build spend of £46,608k is £2,650k lower than budget due to later than budgeted start dates at Deans South Ph2 and reduced in year 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 and accelerated spend at Sibbalds Brae and West Craigs Ph3.
- Other capital expenditure of £546k is £160k lower than budget due to timing of IT spend.

2f) Wheatley Homes South – Period to October 2024

OPERATING STATEMENT	Period to October 2024 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	29,990	29,895	95	51,163
Void Losses	(182)	(305)	123	(521)
Net Rental Income	**29,808**	**29,590**	**218**	**50,642**
Grant Income	16,418	16,418	0	16,418
Other Grant Income	1,904	1,827	77	5,297
Other Income	689	678	11	2,152
TOTAL INCOME	**48,819**	**48,513**	**306**	**74,508**
EXPENDITURE				
Employee Costs - Direct	2,965	3,089	124	5,277
Employee Costs - Group Services	2,079	2,063	(16)	3,508
ER/VR	0	0	0	210
Direct Running Costs	1,488	1,524	36	2,651
Running Costs - Group Services	1,217	1,306	89	2,305
Revenue Repairs and Maintenance	6,969	7,722	753	13,122
Bad debts	152	616	464	1,056
Depreciation	9,007	9,007	0	15,441
Demolition and compensation	243	305	62	523
TOTAL EXPENDITURE	**24,119**	**25,632**	**1,512**	**44,093**
NET OPERATING SURPLUS	**24,699**	**22,881**	**1,818**	**30,415**
Net operating margin	*51%*	*47%*	*3%*	*41%*
Interest receivable	76	18	58	30
Interest payable & similar charges	(4,306)	(4,425)	119	(7,417)
STATUTORY SURPLUS	**20,469**	**18,474**	**1,995**	**23,028**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	**2,306**	**3,061**	**(755)**	**16,304**
Capital Investment spend	7,099	8,086	987	15,432
New Build Programme	8,027	10,571	2,544	24,207
Other Fixed Assets	705	1,122	418	2,137
TOTAL INVESTMENT EXPENDITURE	**15,831**	**19,779**	**3,948**	**41,776**
NET CAPITAL EXPENDITURE	**13,525**	**16,718**	**3,193**	**25,472**

Key highlights :

Net operating surplus of £24,699k is £1,818k favourable to budget. Statutory surplus for the period is £20,469k, is £1,995k favourable with lower spend across expenditure lines and favourable income position, contributing to the favourable position.

- Net rental income is £218k higher than budget. Void losses are £123k favourable to budget, with a void loss rate of 0.6% vs 1.0% in budget. Rental income is £95k 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 £77k 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 £11k 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 £108k favourable to budget, with vacant positions in Q1 (now backfilled) 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 £125k favourable to budget primarily due to several departments reporting lower costs across Wheatley Solutions
- Repairs costs are £753k favourable to budget. Responsive repairs are £171k 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 £464k favourable to budget. A prudent approach was taken when setting the budget.
- Demolition costs includes two buy backs in Summerhill and the demolition costs at Ecclefechan with all 13 units at Ecclefechan now demolished.

Interest payable of £4,306k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The £119k favourable variance is due to lower drawdowns and reduced interest rates charged, than budgeted.

Net capital expenditure of £13,525k is £3,193k lower than budget.

- Capital investment income is £755k 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 £7,099k is £987k lower than budget, mainly due to the timing of spend on core investment programme.
- New Build expenditure is £2,544k lower due to later than budgeted start dates at Ashwood Drive and College Mains. 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 and Johnstonebridge.
- Other capital expenditure of £705k is £418k lower than budget due to timing of IT spend and deferral of the Stranraer office.

[redacted]

[redacted]

Wheatley Group

[redacted]

[redacted]

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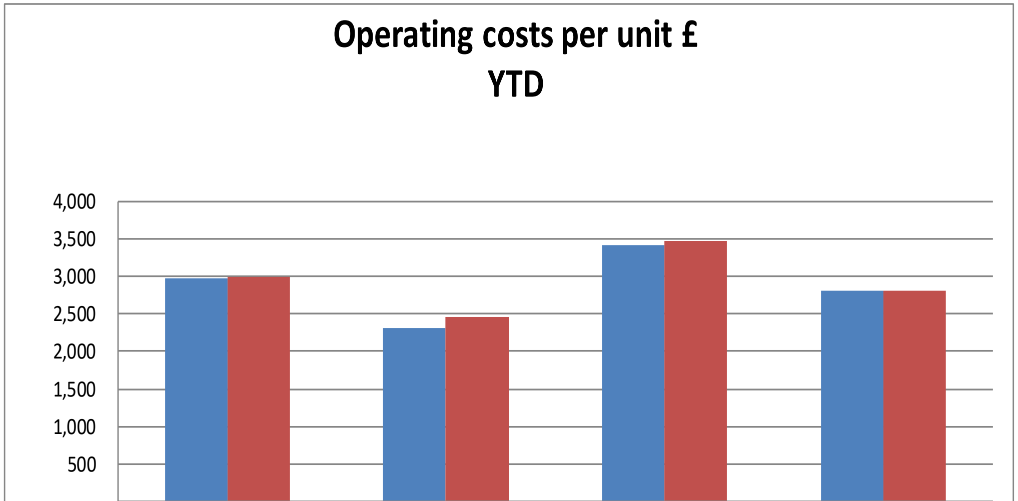
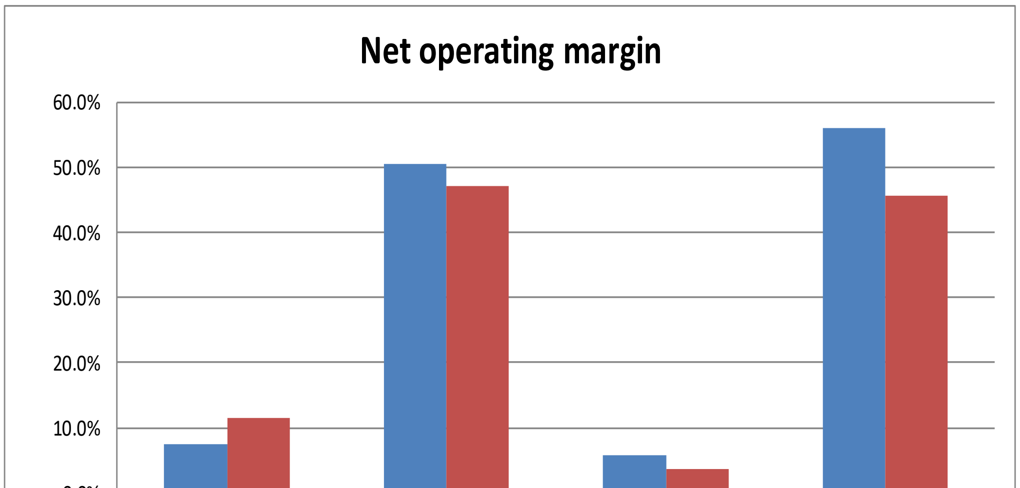
[redacted]

[redacted]

3) Summary of RSL operating costs and margin v budget



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	2,967	2,318	3,422	2,815
Budget	2,993	2,463	3,475	2,819



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	7.6%	50.6%	5.7%	56.1%
Budget	11.4%	47.2%	3.7%	45.6%

Operating costs per unit:

- At October 2024 operating costs per unit are lower than budget for all RSL's. This lower unit cost variance is attributable to the favourable running costs 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 October 2024 (Period 7)

Non RSL entities

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

	Period to October 2024	Full Year
[redacted]		

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

8) Wheatley Group – Consolidated Balance Sheet

	As at 31 October 2024 £ks	As at 31 March 2024 £ks
Fixed Assets		
Social Housing Properties	3,009,721	2,935,892
Investment properties	310,786	309,971
Other tangible fixed assets	80,887	78,829
Investments -other	116	116
Fixed Assets	**3,401,510**	**3,324,808**
Current Assets		
Stock	2,196	1,926
Trade debtors	4,485	4,170
Rent & Service charge arrears	22,923	20,935
less: Provision for rent arrears	(10,977)	(10,654)
Prepayments and accrued income	16,189	10,073
Other debtors	20,824	25,019
	55,640	**51,469**
Bank & Cash	35,015	36,305
Current Assets	**90,655**	**87,774**
Current Liabilities		
Trade Liabilities	(12,284)	(20,265)
Accruals	(54,088)	(52,937)
Deferred income	(74,782)	(57,553)
Rents & service charges in advance	(16,318)	(23,974)
Bank Loans	(31,176)	(33,503)
Other creditors	(24,769)	(24,175)
	(213,417)	**(212,407)**
Net Current Assets	**(122,762)**	**(124,633)**
Long Term Liabilities		
Contingent efficiencies grant	(46,280)	(46,280)
Bank finance	(1,354,443)	(1,280,555)
Bond finance	(300,000)	(300,000)
Provisions	(11,636)	(11,679)
Deferred income	(60,756)	(79,591)
Pension liability	(8,405)	(8,405)
Long Term Liabilities	**(1,781,520)**	**(1,726,510)**
Net Assets	**1,497,228**	**1,473,665**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	720,296	723,098
Income & Expenditure	23,563	(2,802)
Revaluation Reserves	753,369	753,369
Funding Employed	**1,497,228**	**1,473,665**

Key highlights:

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

At 31 October 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 increased by £4.2m since March 2024. £1.7m relates to a increase in rent arrears due to timing of receipt of Housing Benefit and an increase of £1.9m in other debtors and prepayments, £0.3m increase in trade debtors due to timing and £0.3m increase in stock.
- Bank and Cash of £35m includes deposits in transit and outstanding payments showing in the bank after the month end.
- Current liabilities are £1m higher than the year end position. An increase in deferred income of £17.2m (corresponding decrease in long term creditors) is partly offset by decreases of £8m in trade creditors, a decrease of £7.7m in prepaid rents and service charges due to the timing of the receipt of housing benefit, the repayment of £2.3m bank loans and an increase in accruals and other creditors of £1.8m due to timing of invoices being raised for costs.
- Long term liabilities at 31 October 2024 are £55m higher than the year end position due to £73.9m additional loans received to finance the developments across the RSL's and £18.8m 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 £23,563k relates to the group surplus for the period.

9a) Wheatley Group – Q2 Forecast 2024/25

Wheatley Group

	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.

[redacted]

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 generated through the value for money and cost efficiencies in Wheatley Solutions offset by the provision of £0.6m additional grant funded costs for the Foundation.
- 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

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)**

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Risk Management update**

Date of Meeting: **18 December 2024**

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1. Purpose

1.1 This report asks the Board to approve the proposed changes to the Strategic Risk Register.

2. Authorising and strategic context

2.1 In accordance with its Terms of Reference, the Group Audit Committee is responsible for "monitoring, reviewing and advising the Group Board on the overall risk assessment and management system within the Group".

2.2 The Group Audit Committee on 13 November 2024 recommended the Strategic Risk Register changes being proposed below in 4.3 and 4.6 for approval by the Group Board.

3. Background

3.1 This paper gives an overview of the Group's current risk position for consideration by the Board. As set out in the Group Risk Management approach, this update focuses on risks to bring to the attention of the Board.

3.2 This includes risks in the following categories:

A. Risks outwith risk appetite;

B. Risks with a residual risk score of 12 of more or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months; and

C. Risks highlighted for consideration. This will include new risks, risks to be removed from the Strategic Risk Register, or risks with a significant change in scoring. It also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile ("horizon-scanning").

4. Discussion

4.1 The chart below shows all risks within the Strategic Risk Register. The chart and the summary risk register at **Appendix 1** are colour-coded as follows:

- Red font – risks highlighted for Member consideration (as set out in paragraph 3.2) and discussed further below;
- Purple font – risks with a high residual risk or inherent risk score where Boards have received an update on the operation of the controls in the last 6 months; and
- Black font – lower scoring risks that have remained stable within the current period.

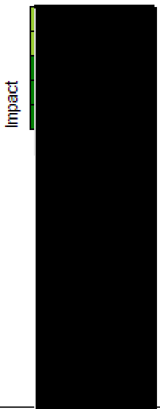
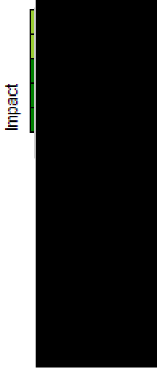
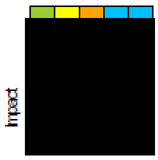
Impact	1	2	3	4	5
5					
4			• Ability to meet Scottish Government legislative requirements for energy efficiency (A) • Financial viability of care services (A - NEW)	• [redacted] • Reduced availability of financial support from S Gov't / Local Gov't	
3		• Business Continuity • Rent arrears management • New build contractor non-conformance with building standards • Commercial Operations • Customer Satisfaction (tenants) • Fire Safety • Governance Structure • Damp and Mould • Care and support services • Senior staff recruitment • Staff development and succession planning • Group Credit Rating	• Impact on our customers of reduced public funding • Laws and Regulations • Fire Event (A) • Compliance with funders requirements • Securing new funding and adverse market changes • Political & Policy changes impact on strategic key partnerships (C) • Repairs supply chain disruption • Staff behaviour enables a cyber-attack • Underperformance of main delivery partner	• Climate change impact on Group Assets and Services	
2			• Non-achievement of sustainability targets		
1					
	1	2	3	4	5

Likelihood

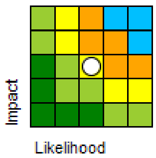
[redacted] [redacted]

[redacted]

[redacted] [redacted]

[redacted]	[redacted] Score	Risk Appetite Level	Commentary
[redacted]	 [redacted]	[redacted]	[redacted]
[redacted]	 [redacted]	[redacted]	[redacted]
RISK 004: Ability to meet Scottish Government legislative requirements for energy efficiency (previously "*Delayed investment in our assets*"	 [redacted]	Cautious	The title and description of this risk have been updated to provide additional clarity that the risk relates to the financial capacity needed to fund the required investment. The Scottish Government is consulting on energy efficiency targets for social housing with a view to updating requirements for social landlords. While our properties remain in good condition and deliver a high level of customer satisfaction, there is a risk that the level of grant funding available will be insufficient to meet the Standard in line with timelines set out by the Government. To address this, we are taking steps to increase available resources for asset investment through business planning

[redacted]

Risk	Residual Risk Score	Risk Appetite Level	Commentary
			with a focus on investment in areas that matter most for customers and our business, including energy efficiency, through the development of our asset management strategy and related asset investment plans. We are also continuing to work with the Government and others to identify the additional funding that will be needed in the longer term to meet decarbonisation ambitions.
[redacted]	[redacted]		[redacted]
RISK 089 – Fire Event		Minimal	This is focused on the risk of a fire within a customer's property. It is outwith risk appetite due to the limited control the Group has over the actions of third parties to minimise fire risk. Despite best efforts, we cannot eliminate all risk of accidental dwelling fires. We have reduced these year-on-year, through proactive engagement with our customers and rigorous fire safety inspections of our assets on a rolling programme basis and mitigating measures, but we will continue to experience accidental dwelling fires.

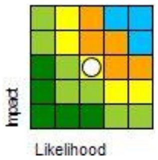
4.4 The implementation of any identified actions will be monitored, and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

B – High scoring risks with controls due for review

4.5 There are no risks with a residual risk score that is greater than the 12, or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months.

C - Horizon Scanning

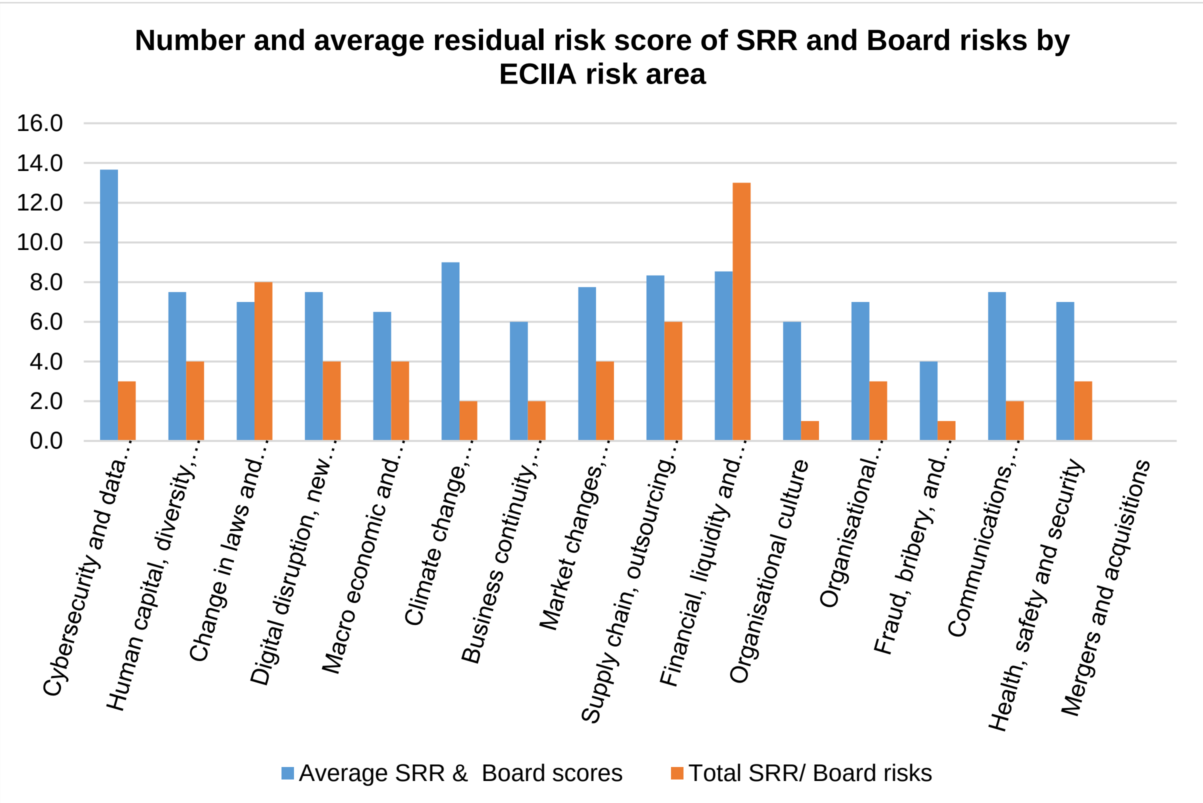
4.6 As part of the review the scope of one existing risk has been widened as shown below.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
RISK014 Political and Policy changes impact on strategic partnerships		Open	The original Political and Policy changes risk has been updated to reflect the impact that any such changes may have on the effectiveness of the Group's working relationships with key strategic partners and the achievement of our strategic targets eg new build development.

Risk in Focus 2025

4.7 In addition to the information presented in relation to existing risks, the Internal Audit team has also reviewed the Group's Strategic Risk Register and Subsidiary Board Risk Registers against the European Confederation of Institutes of Internal Auditing's (ECIIA's) annual publication "*Risk in Focus*". This publication summarises the results of a survey of Chief Audit Executives (CAEs) in which they are asked to rank the risks that are of most concern to their organisation.

4.8 The chart below shows the ECIIA's 16 risk categories in order of descending risk when read from left to right. The chart also shows the total number of risks within either the Strategic Risk Register or Subsidiary Board Risk Registers (in orange) and the average residual risk score of those risks (blue).



Classified as Public

4.9 This demonstrates that the Group has risks in all categories assessed by the ECIIA, except for mergers and acquisitions – this reflects the lack of recent activity in this area, with the risk "*Implementation of Partnership Promises*" being removed from the Group Risk Profile in 2024.

4.10 The chart also shows that there are only 3 cybersecurity risks within the combined Strategic and Board risk registers, but these 3 have the highest residual risk scores. The greatest number of risks (13) is in the Financial, liquidity and insolvency risk category, but the average residual risk score for these risks is 8.5.

4.11 The Board is asked to consider whether any changes should be made to the Strategic Risk Register, or if any matters discussed elsewhere during the meeting result in additional risks to be captured in the risk register.

5. Customer Engagement

5.1 No customer engagement implications arise directly from this report.

6. Environmental and sustainability implications

6.1 No environmental or sustainability implications arise directly from this report.

7. Digital transformation alignment

7.1 No digital transformation alignment implications arise directly from this report.

8. Financial and value for money implications

8.1 No financial or value for money implications arise directly from this report.

9. Legal, regulatory, and charitable implications

9.1 No legal, regulatory, or charitable implications arise directly from this report.

10. Risk Appetite and assessment

10.1 There is no single risk appetite associated with this paper. Instead, the review of risks within the Strategic Risk Register, as outlined in this paper is designed to provide assurance on the controls in place to manage strategic risks such that the residual risk score is within risk appetite and to identify additional actions planned to reduce residual risk further, where required.

11. Equalities implications

11.1 This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1 This report summarises the results of the most recent review of the Strategic Risk Register, which has resulted in the identification of five risks that are out-with risk appetite, including one risk newly added to the Strategic Risk Register for:

- Financial viability of Care services – added following the increase to Employers' National Insurance announced in the UK Budget.

12.2 One change has been highlighted for the Board's attention in 4.6 to widen the scope of the risk for:

- Political and Policy changes impacting on strategic partnerships.

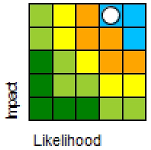
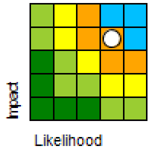
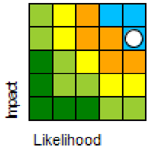
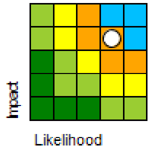
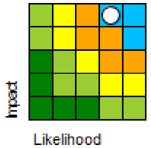
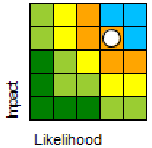
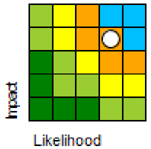
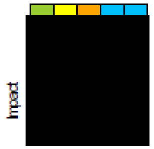
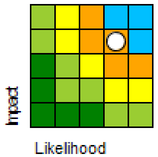
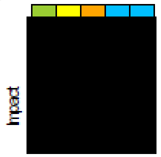
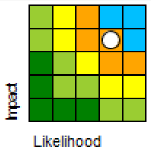
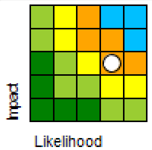
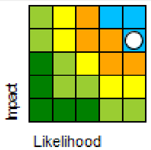
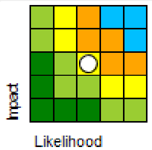
13. Recommendations

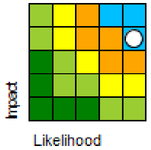
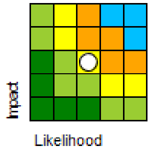
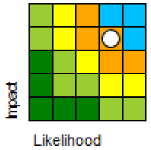
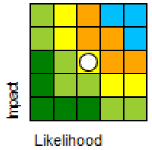
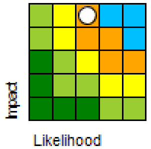
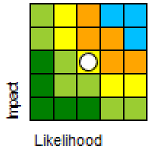
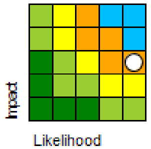
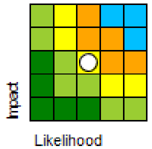
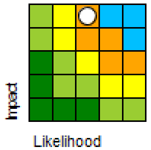
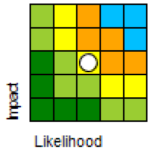
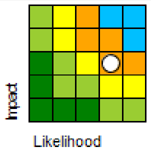
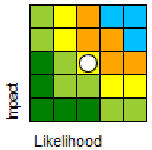
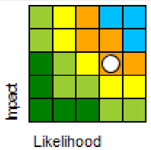
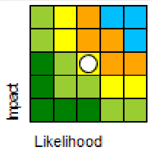
13.1 The Board is asked to approve the changes to the Strategic Risk Register.

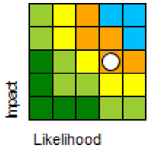
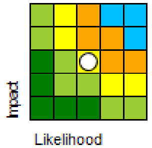
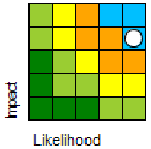
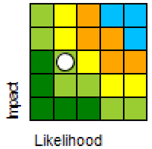
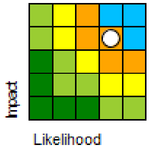
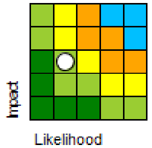
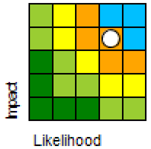
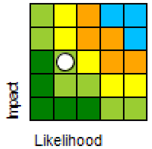
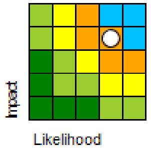
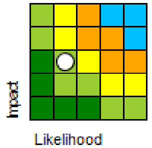
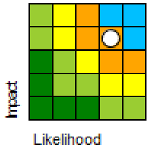
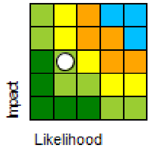
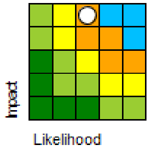
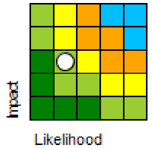
LIST OF APPENDICES:

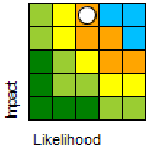
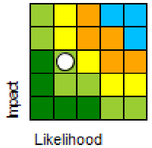
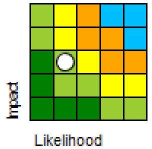
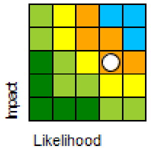
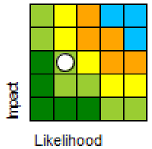
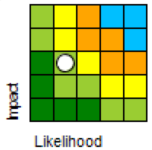
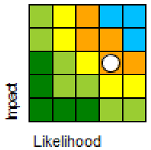
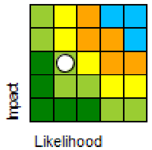
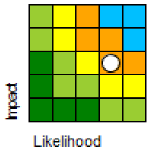
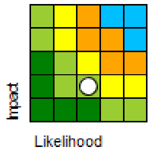
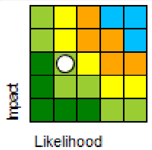
Appendix 1: Wheatley Group Strategic Risk Register
Appendix 2: Risks flagged for Board attention

Appendix 1 – Wheatley Group Strategic Risk Register

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 019.2 F	[redacted]		[redacted]		[redacted]	[redacted]	[redacted]
RISK 019.3 F	[redacted]		[redacted]		[redacted]	[redacted]	[redacted]
RISK 021	Reduced availability of financial support from Scottish Government and / or local government		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 004	Ability to meet Scottish Government legislative requirements for energy efficiency		Risk Appetite is **CAUTIOUS** (Yellow)	 [redacted]	Group Director of Repairs and Assets	Investing in existing homes and environments	Page 14 Above risk appetite
RISK 072	[redacted]		[redacted]	 [redacted]	[redacted]	[redacted]	[redacted]
RISK 023	Climate change impact on Group customers, assets and services		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	N/A
RISK 001	Impact on our customers of reduced public funding		Risk Appetite is **OPEN** (Orange)		Group Director of Communities	Supporting economic resilience in our communities	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 016	Laws and Regulations		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance and Business Solutions	Progressing from Excellent to Outstanding	N/A
RISK 019.1 F	Staff behaviour enables a cyber-attack		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance and Business Solutions	Maintaining a strong credit rating and managing financial risk	N/A
RISK 008	Compliance with funders' requirements		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 018	Repairs supply chain disruption		Risk Appetite is **OPEN** (Orange)		Group Director of Governance and Business Solutions	Investing in existing homes and environments	N/A
RISK 089	Fire Event		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Developing peaceful and connected neighbourhoods	Page 16 Above risk appetite
RISK 011	Securing new funding and adverse market changes		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 014	Political and Policy changes impact on strategic key partnerships		Risk Appetite is **OPEN** (Orange)		Group Director of Governance and Business Solutions; Group CEO	Influencing locally and nationally to benefit our communities	Page 17 Proposed changes

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 100	Underperformance of main delivery partner		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Investing in existing homes and environments	N/A
RISK 005	Care and support services		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Communities	Shaping Care Services for the future	N/A
RISK 012	Business Continuity		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Progressing from Excellent to Outstanding	N/A
RISK 031	Senior staff recruitment		Risk Appetite is **HUNGRY** (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A
RISK 032	Staff development and succession planning		Risk Appetite is **HUNGRY** (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A
RISK 053	Damp and Mould		Risk appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	N/A
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 010	Group Credit Rating		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	N/A
RISK 006	Customer Satisfaction (tenants)	[redacted]	Risk Appetite is **OPEN** (Orange)		Group Managing Director of RSLs	Enabling customers to lead	N/A
RISK 007	Rent Arrears management		Risk Appetite is **OPEN** (Orange)		Group Managing Director of RSLs	Enabling Customers to Lead	N/A
RISK 009	Governance Structure	[redacted]	Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance and Business Solutions; Group CEO	W.E. Work- strengthening the skills and agility of our staff	N/A
RISK 013	Commercial Operations		Risk Appetite is **OPEN** (Orange)		Group Director of Communities	Supporting economic resilience in our communities	N/A
RISK 137	Non-achievement of sustainability targets		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	N/A
RISK 204	New Build contractor non-compliance with building standards	[redacted]	Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Increasing the supply of new homes	N/A

Appendix 2 – Risks flagged for Board attention

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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]			[redacted]		
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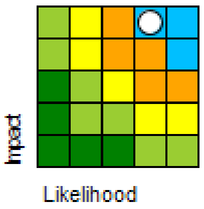	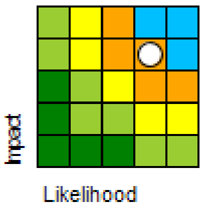	[redacted]	[redacted]		

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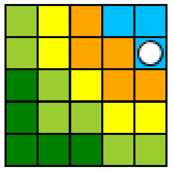
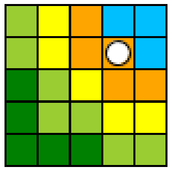
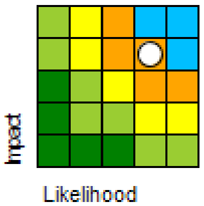
		[redacted]	[redacted]		

RISK 004 Ability to meet Scottish Government legislative requirements for energy efficiency (Above risk appetite)

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Financial/VFM</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that the combined cost impact of several years of high inflation and increasing regulatory / statutory compliance requirements results in assets which require significant investment in order to meet required standards and expectations without sufficient financial capacity to fund the required investment.</td><td colspan="4">Five-year business plan is reviewed annually 6 months in advance. Plan is developed through consultation with Locality Housing Directors and after consideration of external regulations and environment.
Group Asset strategy and subsidiary strategic asset investment plans have been developed to clearly articulate investment need and priorities and ensure that our available investment is focused where it has greatest impact.
Funding considerations are also re-assessed annually and inform the rent proposals..
The Finance team has reviewed financial plans against a variety of assumptions and undertaken stress testing of these assumptions. Financial projections are regularly reviewed an updated as additional information becomes available. Group Board approves the financial projections including key assumptions including those around funding and investment in existing homes and environments.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td>[redacted]</td><td>Risk Appetite is <u>CAUTIOUS</u> (Yellow)</td><td colspan="4">Group Board asset strategy approved (June 2024).
RSL Boards strategic asset investment plans in Autumn 2024.
Five year investment plans refreshed each year and considered by Boards in February.
All Boards receive an update on financial performance at each meeting.</td></tr>
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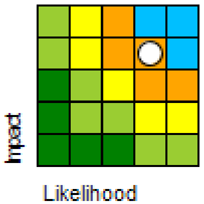
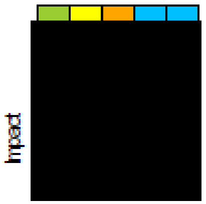
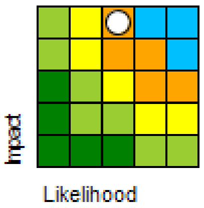
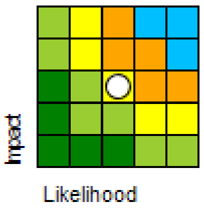
		[redacted]	[redacted]		

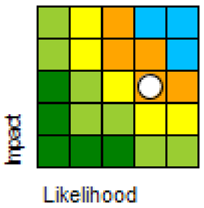
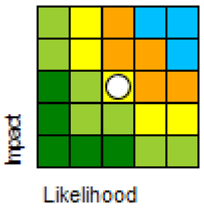
RISK 089 Fire Event (Above risk appetite)

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Developing peaceful and connected neighbourhoods</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">Actions and behaviours of customers or third parties which are out-with the Group's control lead to a fire within our buildings, resulting in the injury or fatality of individuals, damage to Group property, and reputational damage.</td><td colspan="4">Fire Prevention and Mitigation Framework is in place, including our approach to high rise block inspections and Livingwell. Fire Risk Assessments are completed on a rolling cycle and include assessment of Wilful Fire Raising. Person Centred Risk Assessments (Home Fire Safety Visits) undertaken by Fire Safety Officers where vulnerable customers identified. Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed. Statutory maintenance of Domestic Properties undertaken to include Gas Safety Installations, Electrical Installations and the provision of Heat and Smoke Detection. New Build properties are built with Water Suppression Systems as per new Building Standards requirements. Flats are designed to prevent the spread of fire through compartmentalisation. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance. Fire Working Group attended by Snr Mgt Teams every 2 months that feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Leadership Directors to review performance, emerging issues and escalate matters as required.
Compliance Steering Group established to monitor and review compliance events that could contribute to risk of fire e.g. Gas Safety, Electrical Safety etc.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is MINIMAL (Light Green)</td><td colspan="4">Standing item at Group Audit Committee meetings. (Ongoing).
Annual report to RSL Boards on Fire Prevention and Mitigation Framework. (May 2024)
Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)
Board updates (6 Monthly in April/Oct)
Weekly report of PCRA Outstanding Actions issued to Managing Directors, Locality Housing Directors and Heads of Housing for Action.</td></tr>
</table>

RISK 014 Political and Policy changes impact on strategic key partnerships (Proposed changes)

Strategic Outcome	Influencing locally and nationally to benefit our communities	Risk type	Reputation and Credibility	Risk owner	Group Director of Governance and Business Solutions; Group CEO

Description	*Controls*
The risk that political and policy changes (within Scotland and the UK) lead to less effective working relationships with key strategic partners and affect the ability of the ~~Wheatley Housing~~ Group to deliver its strategic objectives, resulting in significant adverse reputational impact.	The Group has an established approach to stakeholder management led by the Communications Team. The Group's policy of not building homes for sale also mitigates potential property market risk. We have ongoing engagement with senior officials and policy leads within the Scottish Government and key local Authority partners. We are also part of national policy working groups. Strategic Agreements in place with GCC and DGC which set out shared development ambitions. Partnership agreements in place with WLC (in respect of a shared understanding amongst WLC and other RSLs in relation to new build housing development) and work closely with CEC. We hold Board workshops on key policy areas, including annual strategy workshops and standalone Board/CPD events where required.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
 	 	Risk Appetite is **OPEN** (Orange)	Group CEO update to group Board as standing item includes update on political engagements. (Ongoing) Senior political presence at all WH-G Board meetings through GCC drawn appointments. (Ongoing)

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Contract award - Wheatley Homes South and Wheatley Homes East subcontractors

Date of Meeting: 18 December 2024

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1. Purpose

1.1 The purpose of this report is to seek approval of contract awards for the provision of trade subcontractors for a period of three years with the option to extend for a further period of 12 months:

- on behalf of Wheatley Homes South ("WHS") to 21 trade contractors across 10 different trades; and
- on behalf of Wheatley Homes East ("WHE") to 20 trade contractors across 10 different trades.

2. Authorising and strategic context

2.1 Under the Scheme of Financial Delegation the award of contracts is based on the financial value over the contract duration. Under the Scheme, approval is required for contracts relating to revenue expenditure exceeding £1m.

2.2 These contracts are primarily intended to fulfil WHS and WHE backup or specialist requirements, however, an allowance is included within the tendered value for any additional ad-hoc services that the wider Group may require. While there is no guarantee of any works or spending committed to any contractors under these contracts, it is anticipated that, for both, they will exceed £1m over the contract's life.

2.3 The pricing submitted has been fixed for the first 12 months. Under both contracts, a contractor may apply for an annual price increase. Any uplift will only be given if the contractor can provide evidence of increased costs. The contract value includes a forecasted 2% annual uplift for the Consumer Price Index ("CPI").

3. Background

3.1 We seek experienced trade contractors to provide reactive repair services for our customers. These contracts are also necessary for trades not covered by our in-house repair teams or to provide additional capacity during high-demand periods to minimise any delays for customers. These contracts include trades such as asbestos surveying and removal, drainage, fencing and general labour, glazing, heating and renewables, multi-trade and voids, painting and decorating, plastering, roofing and scaffolding, and void cleaning.

4. Discussion

4.1 As the contracts, although technically separate, are of the same nature, the route to procurement and methodology such as price/quality ratio and quality criteria had a strong commonality. After evaluating potential procurement routes, it was determined that the best fit for both was the Procurement for Housing's ("PfH") Dynamic Purchasing System ("DPS") as this covered all trade requirements.

4.2 The WHS and WHE Boards have provided clear feedback that we should always encourage local supply chains to tender during procurement exercises. We hosted 'Meet the Buyer' events and advertised on Facebook and X to attract local subcontractors.

4.3 Both tenders were advertised and evaluated on a 60% quality and 40% price ratio. The quality element within the tender was focused on the following criteria:

- **specification conformity** – bidders were asked to confirm that they comply with our trade specifications. This was a pass/fail question designed to ensure that trade contractors would meet our requirements;
- **previous experience with reactive repairs contracts** – Two examples of past projects were requested to assess capability and suitability to work in vulnerable customers' homes;
- **method statements & risk assessments** – Examples of these were requested to further assess the capability and consideration placed on methodology and all health & safety requirements whilst carrying out works;
- **project team** – Details of the project team and their capability to oversee the management and delivery of these essential works;
- **communication** – Description of how managerial staff will communicate with staff operatives and WHS customers during the contract;
- **environmental management procedures** – Tenderers were asked how they would recycle, reduce waste to landfill, dispose of waste materials, minimise noise and plant and machinery usage; and
- **community benefits** – Tenderers were asked to detail the range of community benefits they can offer during this contract.

4.4 Tenderers could bid for one or more of the four geographical areas within each tender as follows:

- Dumfries and Galloway: Annandale and Eskdale; Nithsdale; Stewartry; and Wigtownshire; and
- Edinburgh; East Lothian; West Lothian; and Fife.

This approach aimed to include micro businesses and ensure trade coverage, with up to three contractors per trade in each area.

4.5 We received the following bids for the advertised packages:

- WHS received 27 bids for 10 trade types; and
- WHE received 42 bids for 10 trade types.

4.6 No bids were submitted for the WHS flooring opportunity. This was a low-value service, mostly for void properties. We are however confident this can be handled by multi-trades and voids contractors in the South. Also, there was no requirement for asbestos surveying and removal within WHE as these works are contracted separately.

Wheatley Homes South - Results

4.7 A total of 21 bidders were evaluated to have the capability and capacity to be designated as Primary Contractor, Second Contractor, or Third Choice Contractor. The list of these contractors and their tender scores are set out in Appendix 1. The primary contractor for all trades except asbestos and painting and decorating are based in Dumfries and Galloway.

Wheatley Homes East – Results

4.8 A total of 20 bidders were found to have the capability and capacity to be designated as Primary Contractor, Secondary Contractor, or Third Choice Contractor. The list of these contractors and their tender scores are set out in Appendix 2. The main contractor for all these trades is located within the Edinburgh area.

Quality elements

4.9 From the quality submissions, the appointed tenders across both contracts demonstrated a number of key quality indicators including:

- experience in the range of reactive repairs work required;
- the provision of bespoke Method Statements and Risk Assessments that cover all the work requests we require;
- expertise, skills and qualifications held by staff members, ensuring they have the capability to carry out the work;
- that customers will be consulted on any works being carried out in their home, made fully aware of all health and safety considerations and safeguarding mechanisms in place regarding the Protection of Vulnerable Groups legislation, whilst working in their home;
- that staff meetings shall be undertaken to enable operatives to provide feedback;
- utilisation of local supply chains; and
- a commitment to supporting the local community through community benefit programmes.

4.10 Many larger subcontractors in this tender demonstrated their ability to deliver non-mandatory added value in their responses, including:

- the use of SMART action plans to deliver community benefits;
- the use of software systems to manage workloads efficiently and reduce the amount of travelling between jobs;
- operating a “Just in Time” method for materials. Ensuring that only the materials needed for a job are ordered and delivered to the site; and
- high apprentice retention, leading to long-term employment for local people.

4.11 We will invite all contractors to attend a prestart meeting. These events will provide an opportunity for our staff to engage with contractors before the commencement of this contract. During these meetings, we will discuss customer engagement principles, the Servitor job management system, on-site quality, and health and safety matters.

4.12 At the pre-start meetings to be held in Dumfries and Edinburgh contractors will be introduced to our trade materials supplier, Stark Group, to discuss the opportunities and benefits of utilising the material hubs for the supply of goods. While this is not a mandatory requirement, appointed contractors will receive discounted prices on trade products and extended payment terms. Additionally, the materials supplied will be from our approved catalogue, aiding in the standardisation of materials used in our homes. Stark Group has committed to donating 1% of this spend to our community benefit initiatives.

5. Customer Engagement

5.1 The tender responses detailed how contractors intended to communicate and engage with customers prior to any work taking place. We will provide information to the contractor in advance of works commencing, to ensure that work is carefully planned around the needs of vulnerable customers. This may include the need for two-person visits to flagged properties.

6. Environmental and sustainability implications

6.1 All the awarded contractors are working in line with ISO14001:2015 or are working towards it. Contractors are aiming to:

- careful ordering of materials to ensure waste is minimised;
- reuse materials that may be left over;
- recyclable waste is returned to the contractors' premises for appropriate reuse/recycling via a third-party waste carrier;
- limit the use of plant and machinery to ensure that these are only used where necessary for environmental and noise pollution reasons;
- minimising the amount of dust in customer homes. Cutting of materials shall be conducted, outside the home; and
- reduce mileage between jobs and seek to use energy-efficient vehicles where possible (EV and Euro 6 emissions).

7. Digital transformation alignment

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

8. Financial and value-for-money implications

8.1 The use of a competitive procurement process has allowed us to gain assurance that the rates we received are market-tested. They will also provide us with cost information by which we can undertake future benchmarking and assess the case for any services being brought in-house.

8.2 The established rates also allow us a greater degree of certainty on future pricing which supports more accurate forecasting of future budget assumptions.

9. Legal, regulatory and charitable implications

9.1 Procuring through a mini-competition tender procedure under PfH’s Dynamic Purchasing Systems has ensured this is a fully compliant process. The likelihood of a procurement challenge is deemed low, and the contract award will proceed upon receiving approval to enter into agreements with the successful contractors.

10. Risk Appetite and assessment

10.1 Our risk appetite in respect of Laws, Regulations and Covenant Compliance is averse, i.e. avoidance of risk and uncertainty is a key organisational objective. The award of this contract is fully compliant with all relevant procurement legislation and presents no increased risk to the Group.

10.2 Equifax finance reports were conducted for successful contractors, with most receiving acceptable credit grades. Reports for contractors that are new businesses or sole traders not yet required to file accounts with Companies House. To mitigate this, multiple contractors are appointed for most trades, allowing work to be reallocated if necessary.

11. Equalities implications

11.1 There are no equalities implications for this report.

12. Key issues and conclusions

12.1 We require experienced, reliable, and responsive contractors to support the delivery of high-quality repairs, which we have the capacity to deliver within our target timescales for customers. The contract provides us with enhanced coverage across all trades and geographical areas.

12.2 As there are no guarantees of work to the contractors, we retain the flexibility to consider the balance of work we sub-contract. This gives us the ability to keep under review whether we would in future develop or enhance our in-house capability considering factors such as demand forecast and costs.

13. Recommendations

13.1 The Board is asked to approve the award of the contracts for the provision of subcontractor works for the period of 3 years with an option to extend for a further 12 months starting December 2024:

1) on behalf of Wheatley Homes South to 21 trade contractors across 10 different trades as set in Appendix 1; and
2) on behalf of Wheatley Homes East to 20 trade contractors across 10 different trades as set out in Appendix 2.

LIST OF APPENDICES:

[redacted]

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: Contract Hire of Industrial Laundry & Kitchen Equipment

Date of Meeting: 18 December 2024

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1. Purpose

1.1 The purpose of this report is to seek approval to award a contract of £2m (including VAT) to JLA Limited for the supply of industrial laundry and kitchen equipment and servicing during the contract hire period. The laundry machines provide a vital service for our customers across our Multi-Storey Flats (“MSFs”), living well sites, care services and more.

2. Authorising and strategic context

2.1 Under the Scheme of Financial Delegation, within the Group Standing Orders, approval of revenue contracts over £1 million is reserved to the Group Board.

2.2 The contract value for our requirements over the maximum term is £2m (including VAT and capped inflation rates). This will be an eight-year term, the maximum allowed under the framework. The contract value allows for future growth if required.

2.3 The provision and investment of laundry equipment within our communities and our corporate facilities support the delivery of our Group's strategic commitment to “make the most of our homes and assets”.

3. Background

3.1 Industrial laundry, kitchen, and ventilation equipment are essential in our communities and corporate facilities. Our incumbent provider has provided us with equipment and servicing for over fifteen years. During this period, our requirements have increased from 100 industrial machines to 193 machines due to our growth and commitment to residents.

3.2 After a thorough review, it has been determined that commercial laundry equipment remains essential for our high-rise living property, care homes, and corporate facilities. This need is crucial for maintaining hygiene, ensuring resident comfort, complying with regulations, ensuring fire safety, and managing costs efficiently.

3.3 Industrial kitchen equipment such as cookers, ovens, oven hoods, fridges and dishwashers are a specific requirement of Wheatley Care. Industrial laundry facilities are required by all our subsidiaries.

3.4 Laundry facilities are a valuable service that we provide to customers in many of our MSF sites, particularly in Wheatley Homes Glasgow ("WHG"). They reduce the cost of living for customers, reduce the likelihood of condensation and it leading to damp and mould in individual flats and provide a facility that has good water pressure for washing clothes, which is not always available in MSF property. In Glasgow, there has been an increasing desire from customers to have communal laundry facilities and this is being scoped as part of the wider neighbourhood approach.

3.5 We also require industrial washing machines in our NETS depots these machines are designed to manage large volumes of laundry efficiently, which is essential in environments where uniforms and other fabrics are frequently used.

3.6 The table below sets out the current provision of machines and the locations:

Subsidiary	Washer	Dryer	Kitchen Equipment
WHG - MSF	22	25	-
Wheatley Care - Accommodation and support services	20	20	10
WHE - Hostel	8	6	-
Wheatley Care – Living Well	41	35	-
Group NETs	3	3	-

4. Discussion

4.1 We assessed the options to continue with a contract hire arrangement or outright purchase the equipment. Taking into account the initial upfront cost, the need to install the equipment and the need to service and repair the equipment, including in an emergency situation, contract hire was the better option for our needs.

4.2 Following a review of the potential routes to procurement market conditions the optimal route was identified as the reappoint of the existing provider JLA Ltd through a direct award from the Procurement for Housing ("PFH") Framework.

4.3 The framework pre-assessed suppliers for quality and value to determine those who were suitable for direct award. Via this route, we have been able to negotiate a new commercial deal that reflects our current and future requirements. In using the framework's maximum term of eight years, it allows JLA Ltd the level of certainty that they can reflect in lower monthly hire costs.

4.4 Our current agreement with JLA Ltd is due to end in 2025, we sought a proposal that would meet our service requirements, upgrade our current stock and deliver improved value for money. We reviewed each asset from JLA Ltd and cross-referenced it by benchmarking the framework rates and retail prices of a similar piece of equipment.

4.6 We plan to upgrade 93 machines in our existing stock and receive the same 'total care' service with the addition of improved terms and conditions and reduced monthly costs. Which provides an overall 15% annual reduction in the hire costs for these services.

4.7 The new contract hire agreement will see the provision of a dedicated account manager due to the size of our account, who will be responsible for compliance regimes and certificates being delivered to our in-house compliance teams. Included with our agreed rates and terms, JLA Ltd will respond within 8 hours to a problem and repair the machine at no extra cost. If the machine cannot be fixed, it will be replaced at the same rates agreed upon when the contract started.

5. Customer Engagement

5.1 As part of the neighbourhood approach across the group, we are engaging with customers where there is a particular demand for this service and scoping out the potential to deliver this.

6. Environmental and sustainability implications

6.1 Industrial laundry machines can significantly contribute to environmental sustainability. Firstly, these machines are designed to be highly efficient, using less water and energy compared to traditional household washing machines. By optimising water usage and incorporating advanced water recycling technologies, industrial machines can minimize wastewater generation, thus reducing the strain on local water supplies and sewage systems.

6.2 Industrial laundry machines often come equipped with energy-efficient features such as high-speed extractors, which reduce drying times and lower energy consumption. Many of these machines are also designed to use eco-friendly detergents and cleaning agents that are less harmful to the environment.

6.3 Another important aspect is the longevity and durability of industrial laundry machines. These machines are built to withstand heavy usage over extended periods, which means they need to be replaced less frequently. This durability leads to less waste being generated from discarded machines and components, contributing to reduced landfill burden.

7. Digital transformation alignment

7.1 This contract has no direct impact on the Group's digital transformation policy.

8. Financial and value for money implications

8.1 Conducting a direct award process has allowed us to have detailed negotiations on what we require while ensuring we can identify the value of leasing machines both financially and from a health and safety perspective.

8.2 Through our relationship with JLA Ltd, we have improved value for money through a negotiated deal on the current hire costs, with a 15% reduction leading to a saving of £262,000 over the lifespan of existing assets. In addition, a cap on RPI of 2% per year for the duration of the contract has been agreed.

8.3 The asset list of 24 types of equipment should now serve as a guide price catalogue for any future requirements. It is unlikely parts of the business would need an item not previously bought before, providing cost certainty on what we should be paying for new additions to our asset list.

8.5 If we lose a service, close a depot, or decant an MSF block during the contract term, JLA Ltd offers the option to novate the contract to a new site that may require commercial machines or agree to a variation of terms that allows us to cancel the site contract without penalty, up to three times a year.

9. Legal, regulatory and charitable implications

9.1 The Procurement for Housing assisted living solutions, kitchens & appliances framework has been subject to a fully compliant process and offers a direct award facility to JLA Ltd. The risk of a procurement challenge is considered low, and contract award will commence pending approval to enter this contract.

10. Risk Appetite and assessment

10.1 Our risk appetite in respect of Laws, Regulations and Covenant Compliance is averse, i.e. avoidance of risk and uncertainty is a key organisational objective. The award of this contract is fully compliant with all relevant procurement legislation and presents no increased risk to the Group.

11. Equalities implications

11.1 There are no equalities implications for this report.

12. Key issues and conclusions

12.1 The provision of laundry machines is a vital service for our customers across our MSFs, living well sites, care services and more. These facilities are crucial for maintaining hygiene in our care homes, ensuring resident comfort whilst complying with regulations and ensuring fire safety. There is a growing demand for laundry facilities, and we will review our resident's needs as part of the neighbourhood approach.

13. Recommendations

13.1 The Board is asked to approve the award of the contract group-wide contract worth £2m (inclusive of VAT) to JLA Limited for the supply of industrial laundry and kitchen equipment and servicing during the maximum eight-year contract hire period.

LIST OF APPENDICES:

None