WHEATLEY HOMES GLASGOW
BOARD MEETING

Friday 09 February 2024 at 10.30am
Wheatley House, 25 Cochrane Street, Glasgow

AGENDA

(scrutiny panel members present to discuss repairs thematic review)

1. Welcome to new Board Member – Allan Clow

2. Apologies for absence

3. Declarations of interest

4. a) Minute of meeting held on 17 November 2023 and matters arising
   b) Action list

Main Business

5. Repairs update

6. Rent and service charges 2024/25

7. Financial projections 2024/25

8. [redacted]

9. Five-year capital investment plan

10. Local lettings plan

11. North-East strategic neighbourhood plan

Other Business

12. Performance report

13. Governance report

14. Finance report

15. [redacted]

16. AOCB

Date of Next Meeting: 22 March 2023 (followed by stock tour)

Wheatley Homes
Glasgow

Report

To: **Wheatley Homes Glasgow Board**

By: **Frank McCafferty, Group Director of Repairs and Assets**

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

Subject: **Repairs Update**

Date of Meeting: **09 February 2024**

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1. Purpose

1.1 To provide the Board with an update on:

- progress with repairs service enhancements;
- ongoing customer engagement to inform future service enhancements; and
- an update on the Repairs budget for 2023/24

2. Authorising and strategic context

2.1 Under its Terms of Reference the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.

2.2 Our repairs service enhancements support us in achieving our strategic outcome: *developing a customer-led repairs service*.

3. Background

3.1 As part of the strategy workshop last March, the Board discussed the work underway to evolve our repairs service based on a wide range of customer insights. This was set within the wider context of Board discussions on how we use customer insight to drive Board discussions and make service changes based on it.

3.2 It was agreed at the workshop that the refined approach and focus responded clearly to the views of tenants. We subsequently reflected this in the updates to our five-year strategy and agreed there would be strong Board oversight of delivery of the improvements during this year.

4. Discussion

<u>Service enhancements</u>

4.1 Tenant feedback has consistently indicated that communication and improving the management of complex repair works (reducing the number of visits to complete a repair) are their key priorities and impact how satisfied they are with the service.

4.2 Our response to this has focussed on four areas:

- introducing Book It, Track It, Rate It to improve communication;
- better monitoring of customer experience, to identify areas for improvement;
- the role of the MyRepairs team in monitoring and managing more complex repairs, to improve first time fix and to give the customer a dedicated contact team for information on their repair; and
- reducing repair timescales

Customer communication and satisfaction

4.3 As noted in previous updates to the Board, Book It, Track It, Rate It covers all appointed repairs. The feedback to date on the 'Track It' functionality remains positive, with customers indicating that the text message reminders and updates are an improvement in communication.

4.4 'Rate it' seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. Following this going live on 30th May 2023 we have received over c14,400 customer ratings with an average score of 4.5/5, the equivalent of 90%. This level of satisfaction has been consistent since 'Rate It' was introduced. The response rate has also risen, from 17.6% initially to 19.47% overall year to date.

4.5 To support our continuous improvement programme, Customer Service Excellence training for trade operatives has been undertaken as part of the roll out of Book It, Track It, Rate It, to reinforce the "Thinking Yes Together" culture and to build on their skills and experience to deliver excellent customer service every day in their role.

4.6 To provide additional insight, we have also continued to undertake call-backs on a random sample of completed repairs through our MyRepairs team. We have completed 1,774 surveys for the year to date and achieved a satisfaction level of 93.9%.

4.7 Our Annual Return on the Charter repairs satisfaction levels also remain high and have increased to 92.1%, with over 3,500 responses in the rolling 12-month period.

4.8 While our transactional satisfaction surveys give us high satisfaction levels we also utilise independent surveys which are a combination of qualitative and quantitative. As part of the pulse survey in 2022 and the tenant satisfaction survey in 2023 satisfaction levels were lower than the transactional surveys, in particularly in the South.

4.9 These surveys also identified there was scope to improve how we handled more complex cases and communicated with tenants. This creation of the My Repairs Team was to provide a dedicated resource and focus on improving how we handled more complex repairs and communicate better with tenants throughout.

Service Enhancements

4.10 The MyRepairs operating structure for Glasgow launched just over a year ago. This has assisted front line services, particularly the CFC and Housing Officers allowing them more time with customers on non-repairs related services.

4.11 The MyRepairs service is now handling call transfers and emails in relation to existing repairs and so far has handled 23,000 calls from the CFC and 65,000 emails.

4.12 The service has also been overseeing the delivery of complex repairs referred by Locality Housing Directors, Housing Officers and CFC colleagues, and is liaising with the customers on these to provide a single point of contact. To date, the Specialist Team have case managed over 6,900 more complex repairs.

4.13 Insights being gathered from the MyRepairs teams' interactions with customers, City Building and our in-house teams are helping to inform service improvement actions, some of which re set out in more detail below.

4.14 The role of City Building in the delivery of our repairs service is key to improving tenant satisfaction. Having recently reviewed our service delivery arrangements we are implementing a joint improvement plan focussed on the following workstreams.

- *Performance management* – review and further development of the existing performance management reporting arrangements to ensure these are focussed on driving improvements in performance levels and informing service improvement activities.
- *Process and procedure development* – existing working arrangements are being reviewed so that these are streamlined and efficient and are focussed on improving interactions with our customers and satisfaction with the service.
- *Structure/Utilisation of resource* – review of structures and resources within operational teams to ensure these match current service demands and assist the timeous completion of repairs
- *Systems* – reviewing the use of existing IT systems to maximise their benefit in the planning and delivery of repairs.
- *Sub-contractors* – review the appointment, management and monitoring of sub-contractors to reduce reliance on this resource – where tenant feedback indicates consistency in service standards can be more variable - and maximise the use of the in-house resource.

4.15 Other joint service improvement activities ongoing with City Building include a focus on reducing our non-emergency timescales which had risen to 8.4 days in June 2023. Actions were identified to improve the completion timescales, particularly around reducing the number of overdue repairs and in the last period the average completion timescale had been reduced to 8 days. We will continue to work towards reducing this timescale and the actions within the improvement plan will be a key driver of this improvement, together with the changes made within the appointed/programmed repair categories detailed below.

4.16 This focus on overdue repairs led to a change in van stocks for some work types to increase the number of repairs completed on the first visit. It also led to the formation of a dedicated door replacement team to focus on more efficient material ordering and increasing access levels.

4.17 This workstream also identified the need to review the works allocation between 'Programmed' (30 working day completion timescale) and 'Appointed' repairs categories (15 working day completion timescale). Currently of the c5,000 non-emergency repairs raised each week around 3,000 (60%) of these are allocated as 'Programmed' repairs and 2,000 (40%) as 'Appointed' repairs.

4.18 Feedback from customers and front-line delivery teams has highlighted that some repair works instructed as 'Programmed' can lead to a frustrating customer journey. Primarily this is due to an inspection visit routinely being undertaken at the initial stage of this repair work when the customer expects that a tradesperson is attending to complete the repair.

4.19 The existing approach leads to additional visits to customers' homes and increases the time taken to complete the repair. Inspectors have fed back that there are a number of visits they carry out where the works could instead have been passed "straight to trade" for completion.

4.20 To address this, work has been carried out to analyse the work allocations between 'Programmed' and 'Appointed' repairs and realign the diagnostic and delivery resources to enable a higher proportion of repairs to be instructed within the shorter timescale 'Appointed' category which should lead to:

- a reduction in the average timescale to complete non-emergency repair works, with our target of 7 days being achieved in 2024/25;
- a reduction in the number of visits needed to complete repairs as the Inspector Stage is eliminated for a number of jobs;
- improvements in communication with customers around repair works, reducing the volume of repairs related complaints; and
- an increase in customer satisfaction

4.21 New working arrangements structured around trade rather than work category, are programmed to commence in early February 2024 and will be fully implemented by early August 2024. This will be carried out in conjunction with senior planners being assigned to each trades team to optimise the availability of resources. We are confident that incremental improvements will be achieved through the stages of the implementation plan and the impact of these will be carefully monitored through our regular performance management reporting arrangements and customer feedback.

4.22 In a further drive to reduce repair timescales and inconvenience to customers six City Building operatives have undergone cosmetic repair training at the end of January 2024.

4.23 This will now enable these operatives to carry out cosmetic repair works to the majority of hard surfaces around the home to remedy holes, chips, scratches, splits, dents, and scuffs as well as discolouration and resurfacing. Effective repairs can be carried out on worktops and kitchen units, window frames and doors, baths and shower trays, tiles, flooring, radiators and sanitary ware. This action supports the repair not renew approach being taken, where appropriate, as noted in previous reports to the Board.

South Service Centre

4.24 We have also taken specific actions to improve the service delivery within the South of the city. There has been a change of management, and the delivery process within this area is now being aligned to be consistent with the other service areas.

4.25 It is anticipated that city wide improvement plan will also have a positive impact on the performance within the South Service Centre by ensuring resources are aligned with workload. These actions will bring the average time for non-emergency repairs back in line with the other areas of the city.

Customer engagement and insight

4.26 Our refreshed Group Scrutiny Panel selected repairs for its first thematic review which recently concluded. Members from the Panel formed a thematic review group. The thematic group welcomed the service improvement and agreed that communications would be a specific focus of their review; the customers then scrutinised the end-to-end customer repairs journey, from the initial report through to completion.

4.27 As part of their fieldwork the members of the Panel visited the Customer First Centre and had the opportunity to meet with call handlers and managers, as well as meeting the MyRepairs team to be updated on improvements that were being made. They also met with an operative from City Building to discuss operational practice.

4.28 The thematic review group have now presented its recommendations to the Group Executive Team, along with the solutions it cocreated, which are being taken forward. We will continue to work with them over the first half of 2024 to deliver these. Panel members will be presenting the key findings to the Board at the meeting.

Damp, Mould and Condensation

4.29 Responding promptly to reported issues in relation to damp, mould and condensation in our homes remains a priority. In response to the tragic death of Awaab Ishak, in Rochdale on 21 December 2020, as a result of a severe respiratory condition due to the prolonged exposure to mould in his home, a campaign was launched for Awaab's Law which would require landlords to investigate and fix hazards, including damp and mould, in their properties within strict new time limits.

4.30 On 9 January 2024 a consultation was issued by the UK Government seeking views on the proposals for the implementation of Awaab's Law. Although these will apply to England only, there is merit in benchmarking our existing processes and procedures against the recommendations in these proposals and to consider whether there are any areas of best practice that we would wish to implement.

4.31 There are seven proposals within Awaab's Law and having assessed our processes against the proposals we would comply and, in most cases, exceed upon the requirements. For example, under Awaab's Law the provider has 14 days to investigate a potential hazard. If we are notified of the presence of mould in a customer's home we will offer an inspection visit within two working days, or if it is deemed an emergency, within three hours. We also complete repairs required within 15 days.

4.32 There is one area of improvement we plan to undertake to draw from these proposals, providing customers with a written summary of the findings from the initial visit. To address this, work is already underway to develop and implement a written report to be issued to customers, for all reports of damp and mould. This will explore a range of options to ensure it takes into account customer preference, capacity to automate reports and adaptability to different languages.

Demand and budget position

4.33 Levels of customer demand for repairs have continued to remain high throughout 2023/24. Job numbers increased by 28% in 2022/23 and while they have continued to increase, the rate has slowed with a 4.6% increase for the year to 31 December 2023 compared to the same period in 2022/23. There are indications that demand has started to stabilise with job numbers in the quarter to December 2023 broadly in line with the prior year.

4.34 Spend on repairs for the year to December 2023 is £6.2m higher than budget. The full year financial out-turn for repairs spend was reviewed during the preparation of the Q2 forecast including taking into account the drivers for the higher levels of demand for repairs which had been expected to be one-off in nature when the budget was originally prepared. This resulted in an increase of £8.5m in the forecast for the full year spend on repairs. The spend to December 2023 remains in line with the forecast full year out-turn.

4.34 The positive impact following the implementation of the additional measures can be seen in Q3 of 2023/24 with the stabilisation of repairs demand and a reduction in the average cost per job as the measures were fully embedded. The repair/renewal principle has started to generate savings with an approach of renewal of the full component only where a repair is not possible. This has been carried out in combination with the training recently provided to City Building maintenance staff. To accommodate the higher repair costs in 2023/24 some items in our core capital programme have been deferred, as well as utilising forecast underspends in other budget lines to ensure we remain with our overall budgetary position.

4.36 The 2024/25 Business Planning process has taken into account the current demand profile for responsive repairs. The forecast financial outturn for responsive repairs for 2023/24 has been used as the base cost for the budgets. An increase in inflation has also been provided in the 2024/25 financial projections to ensure there is adequate financial provision to meet the repairs demand.

5. Customer Engagement

5.1 We carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It, Track It, Rate It app.

5.2 Following the roll out of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.

5.3 The Group Scrutiny Panel recently concluded the first thematic review.

5.4 We developed an MS Forms survey for Customer Voices to gain specific insight into equality-related issues customers may face reporting repairs; 50 customers responded to this and we also followed up with focus groups and some individual calls. We used the insight from this to inform the Equality Impact Assessment.

6. Environmental and sustainability implications

6.1 Using the Dynamic Route scheduler (DRS) ensures trade operatives are not travelling unnecessarily thereby reducing and limiting CO2 emissions. This reduction will be supported further through the service improvement actions being taken to reduce the number of visits needed to complete each repair.

6.2 CBG have implemented the “Lightfoot” vehicle management system which provides valuable information on vehicle usage allowing more efficient planning for journeys and reduced fuel usage and carbon emissions.

6.3 All waste related to repair activities is managed by CBG who have a contract with an organisation that utilises an energy centre, where all waste is turned into energy.

7. Digital transformation alignment

7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.

7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service. The planned projects for service improvement are either complete or being delivered to target completion dates.

7.3 Our digital programme for the year ahead will continue to focus on customer focussed activities, such as the ability to generate written reports for damp and mould visits, more overtly promoting online repairs with a strong focus on responding to customer feedback on the usability of the service, now that demand has stabilised, and enhancing our online repair functionality such as how customer notes are recorded.

8. Financial and value for money implications

8.1 The repairs improvement plan includes action to increase the efficiency of the repairs service which in turn will increase value for money across the delivery of repairs to customers.

8.2 The additional £8.5m provision for repairs in 2023/24 is contained within the context of the overall RSL borrower group budget following the implementation of a number of mitigating measures including the deferral of core investment projects.

9. Legal, regulatory and charitable implications

9.1 There are no direct legal, regulatory or charitable implications arising from this report.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite against the outcome, investing in existing homes and environments, ranges from open in relation to operational delivery to cautious in relation to finance/value for money. Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain our homes. We will revise our well-established investment processes to include more focus on what creates the most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.

11. Equalities implications

11.1 Equalities was a key theme from the thematic review of repairs as customers identified the importance of: having a clear and consistent mandate process; the comprehensive and effective use of preference notes by staff to ensure any required reasonable adjustments are followed; and staff being appropriately trained in terms of equality, diversity and inclusion.

11.2 We have undertaken an Equality Impact Assessment (“EIA”) particularly focussed on repairs reporting as per our Repairs and Maintenance Framework; this focuses on age, disability and race as identified characteristics which may face barriers in accessing our repairs service. Insight from a specific Customer Voice survey has informed the assessment. We also undertook an EIA specifically on our RSL medical adaptation process, again with age, disability and race being identified as the most impacted characteristics. Progress with actions identified by the EIAs will be monitored to help ensure our service is delivered in an inclusive way.

11.3 We are also undertaking an EIA on Damp, Mould and Condensation. In recognising that language could be a potential barrier to some customers in reporting cases of dampness and mould, we are updating the information for this on our websites which can be translated into most languages, and we are introducing translated leaflets in languages based on analysis our translation and interpretation data and our 2022 customer equality data survey. For us the current top languages are Arabic, Polish, Urdu, Romanian and Kurdish. Notwithstanding, all of our published information is available upon request at no extra cost in a translated or alternative format such as large print, braille, or audio CD.

12. Key issues and conclusions

12.1 The repairs service is a key priority for our customers and a key driver of satisfaction. Good progress has been made in improving our repairs service in the focus areas identified in the March 2023 report to the board. Book It, Track it, Rate it has now been implemented improving communication and providing excellent information and feedback. The MyRepairs team have also been established and is helping to manage and monitor more complex repairs.

12.2 We are working with CBG to implement a joint improvement action plan. These improvements have seen a positive impact on the level of customer service and have increased customer satisfaction.

12.3 We will continue to focus on continually evolving and improving our repairs service, taking into account customer feedback, insight and direct engagement with our Group Scrutiny Panel.

13. Recommendations

13.1 The Board is asked to:

1) note the progress with repairs service enhancements;
2) note ongoing customer engagement to inform future service enhancements; and
3) note the updated repairs budget position for 2023/24.

LIST OF APPENDICES:

None

Report

To:	**Wheatley Homes Glasgow Board**
By:	**Anthony Allison, Group Director of Governance and Business Solutions**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Rent and service charges 2024/25**
Date of Meeting:	**09 February 2024**

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2024/25 rent, service and other charges increase; and
- Seeks Board approval for the 2024/25 rent, service and other charges increases.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board are responsible for agreeing the overarching parameters for rent setting. Thereafter each RSL Board agrees their own rent increase within the agreed parameters. The Group Board agreed rent setting parameters at their meeting on 20 December 2023. The Board agreed that increase options of 7.5% and 7.9% should be the basis of consultation with our tenants.

3. Background

3.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:

1) Financial viability;
2) Affordability;
3) Comparability; and
4) Consultation with tenants and service users.

3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels.

4. Discussion

4.1 We formally consulted tenants on our rent setting proposals from 10–31 January 2024. Our formal consultation was independently managed by Civica.

4.2 Following the high uptake level from tenants last year we maintained the extended means to respond from mail to instantaneous digital methods or by telephone via a dedicated code.

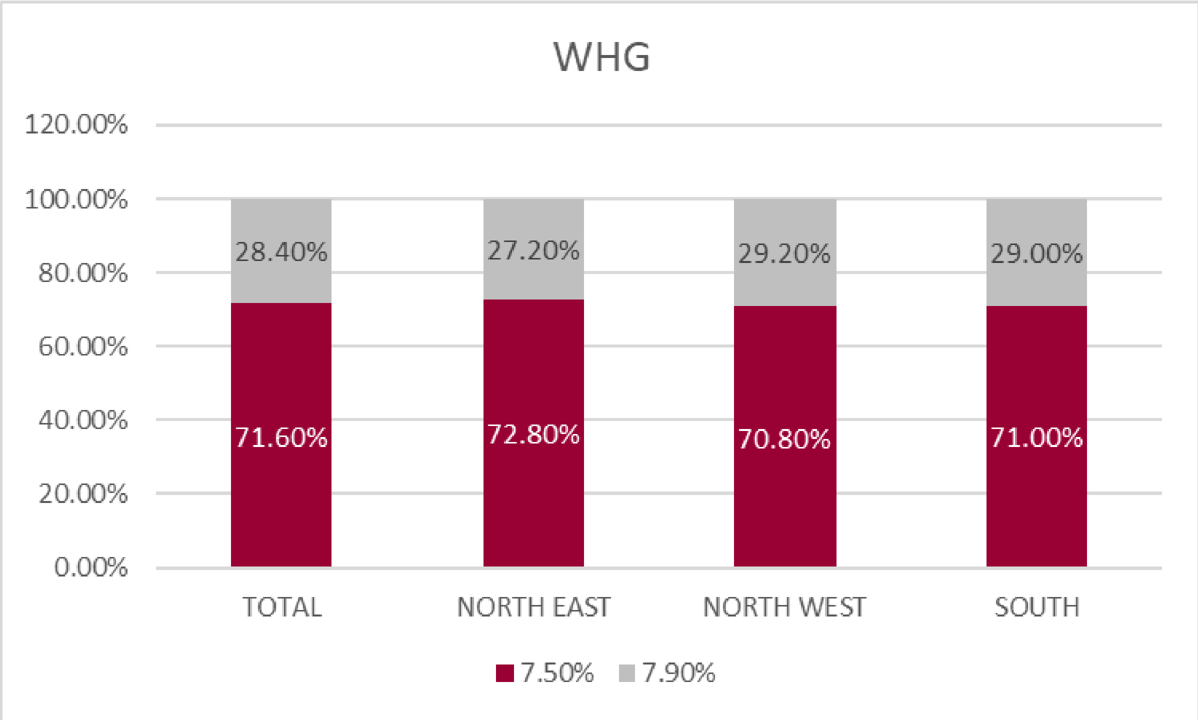
4.3 The consultation maintained the relatively high response rate from last year, with **over 4600** valid responses received as detailed below:

Table 1: WHG results

Rent options	Responses
7.5%	**3323 (71.6%)**
7.9%	**1218 (28.5%)**
Total	**4639**

4.4 A further breakdown of the results by each of our three areas is set out below:

Chart 1: WHG responses per area



4.5 As with previous years there is no material variation in tenant preferences across the three areas.

Qualitative feedback

4.6 We invited respondents to provide feedback on why they elected to choose the option they did or where they did not wish to support any options, feedback as to why. We received written feedback over 1260 customers regarding the proposals.

4.7 The most consistent themes of the feedback (over 10%) related to:

- An appetite for investment and improvement to existing homes;
- The wider economic climate and the challenges this was, or could be, presenting for tenants in terms of the cost of living; and
- Feedback on existing services (mainly repairs and NETs) and tenants' service priorities.

4.8 Where there was feedback on services or individual customer service points, being considered by service leads and where sufficient information was provided, we have already taken action.

4.9 Of the 1262 respondents, a very small proportion, 107 in total, suggested that we should, or should consider, a rent freeze or no increase.

Summary

4.10 Taking into account the feedback from the consultation, it is proposed that we apply a 7.5% rent and service charge increase. As previously discussed by the Board this increase, when set within the context of the cumulative increase over 2021,2022 and 2023 being nearly 12% below inflation, still would maintain us at the lower end of our comparator group. The proposed 7.5% increase would also still see us below the cumulative inflation for the last three years by over 8%.

5. Customer Engagement

5.1 Our formal consultation was open and transparent, clearly setting out what each option would mean in terms of future investment and services to allow tenants to make an informed response to the two options we consulted on. The level of responses affirmed that our consultation approach resonated with 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 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending on contact preference) with a link to an online copy. Tenants were able to participate in the consultation through a wider range of digital means than ever before.

8. Financial and value for money implications

8.1 The level of rent increase proposed during the consultation included a detailed analysis of areas such as affordability and comparability. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.

8.2 The separate paper with our financial projections confirms that, based on the proposed rent uplifts, we will have robust financial plans which will have the necessary 30-year provisions to continue to maintain our stock in line with all legal and regulatory requirements such as Scottish Housing Quality Standard, electrical inspections and fire safety.

9. Legal, regulatory and charitable implications

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

9.2 The 2016 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including the provision of options to tenants during rent setting consultations. The approach taken this year responds to these recommendations.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to business planning assumptions such as rent increases is open, 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 The decision on rent increases involves striking a balance between the need to continue investing in our stock, including compliance requirements, continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk the financial viability of the Group or the delivery of services we are legally obliged to provide. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

11. Equalities implications

11.1 There are no equalities implications associated with this report. To support customers whose first language is not English to request a translation we also included a translation note in the current 5 top languages, informed by our translation/interpretation request data and results from the 2022 customer EDI survey.

12. Key issues and conclusions

12.1 Our consultation attracted over 4600 responses, with over 1260 respondents also giving qualitative feedback. The proportion of respondents, at nearly 30%, indicating a preference for the higher rate of 7.9% on the basis of additional investment is very consistent with the qualitative feedback, where nearly a third of the nearly 800 pieces of feedback reiterated that investment in existing homes is a priority for tenants.

13. Recommendations

13.1 The Board is asked to:

1) Consider the feedback received through the consultation process with tenants on our 2024/25 +rent, service and other charges increase; and
2) Approve a 7.5% rent, service charges and other charges (including garages and lock ups) for 2024/25 for all tenants effective from the first Monday in April and from 28 March 2024 for ex-Cube properties.

Report

To:	**Wheatley Homes Glasgow Board**
By:	**Pauline Turnock, Group Director of Finance**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Financial Projections 2024/25**
Date of Meeting:	**09 February 2024**

1. Purpose

1.1 The purpose of this report is:

- to set out the updated financial projections for investment in assets and services over the period to 2029, in support of our strategy, *Your Home, Your Community, Your Future*; and
- to seek approval of these updated financial projections, the first year forming the budget for 2024/25.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between WH Glasgow and the Wheatley Group and the Terms of Reference for this Board, the WH Glasgow Board is responsible for the on-going monitoring of performance against agreed targets, including 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 preparation of the financial projections.

3. Background

3.1 Higher levels of inflation continue to have an impact on the business and our customers. The economic outlook in the UK for 2024/25 remains uncertain and inflation has proved to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices for a longer period than was previously expected. The latest figures for CPI show an annual rate of 4.0% (December 2023) which in general terms has shown a slow downward trend from its peak of 11.1% in October 2022. Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had notable impact on our cost base. Fuel and utilities costs have stabilised to some extent; however, insurance and repairs and maintenance costs are still subject to notable price increases.

3.2 In their most recent announcement, the Bank of England indicated that their expectation was that although overall inflation may reduce to 2% in the first half of this year it would rise again slightly, and they would keep interest rates high for long enough to see inflation settle at 2%. This leaves forecasts for interest rate reductions from the current rate of 5.25% not likely until the second half of 2024. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure on these amounts.

3.3 Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants during this continued period of pressure on household budgets, whilst ensuring the ongoing financial viability of our operations and the preservation of appropriate levels of investment in our homes and services to customers. Following the low rent increase in 2023 which helped customers with the initial shock of cost-of-living crisis and the effect of high levels of inflation on our operating costs, most notably repairs, we now need to rebuild financial capacity to ensure we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.

3.4 Our group funding arrangements have allowed us to continue our development programme and increase the number of new homes delivered. Our financial projections include provision for the completion of 1,819 new homes and 65 acquisitions over the first five years, increasing to 2,875 homes over a 10-year period with 77% for social rent. Our new build programme goes towards the wider group programme which includes the completion of 5,196 new homes across the RSL Borrower Group by 2029 and over 8,700 over the 10 years.

4. Discussion

4.1 More detail of the financial projections are provided in the appendix. Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections and address how the 5 key themes of the strategy will be achieved.

4.2 Detailed financial statements, including Statement of Comprehensive Income and Statement of Financial Position, are provided in the appendices to this report. Figure 1 below summarises these to show, in cash terms, the level of income we project over the five years and how this will be spent.

Figure 1: ***Summary of Cash Inflows and Outflows***

Detailed Cashflow	Year 1 2024/25 £m	Year 2 2025/26 £m	Year 3 2026/27 £m	Year 4 2027/28 £m	Year 5 2028/29 £m
Income (excluding new build grant)	**227**	**242**	**255**	**267**	**280**
Expenditure					
- Housing, environmental and Wheatley 360 services	(41)	(41)	(41)	(41)	(40)
- Wheatley Solutions including customer first centre	(26)	(26)	(26)	(27)	(28)
- Repairs	(51)	(52)	(58)	(59)	(61)
- Demolition & ER/VR	(1)	(5)	(1)	(2)	(1)
- Wider Role and Initiatives	0	0	0	(1)	(1)
- Bad Debts	(5)	(5)	(5)	(5)	(5)
- Other Costs *	(7)	(6)	(6)	(8)	(8)
Total Expenditure	**(131)**	**(135)**	**(137)**	**(143)**	**(144)**
Revenue Surplus before Interest and Capital Investment in Existing Homes	**96**	**107**	**118**	**124**	**136**
Investment in Existing Homes	(50)	(52)	(59)	(63)	(67)
Loan Interest and Funding Costs	(50)	(53)	(56)	(60)	(62)
Underlying Cash Surplus/(Deficit) from Operations	**(4)**	**2**	**3**	**1**	**7**
New Build and Other Investment					
Development Costs**	(69)	(89)	(123)	(102)	(51)
Grant Income	43	56	67	54	20
Lowther Homes on lend	(4)	(8)	0	0	0
Other Asset Investment (including environmental)	(17)	(15)	(14)	(11)	(10)
New Build and Other	**(47)**	**(56)**	**(70)**	**(59)**	**(41)**
Financing Activities					
Loan Drawdowns (net of repayments)	51	54	67	58	34
Financing Activities	**51**	**54**	**67**	**58**	**34**
Net Movement in Cash	**0**	**0**	**0**	**0**	**0**

** Other costs include fuel/utility charges for delivering district heating, stock surveys and commercial property costs*
*******Development costs include capitalised demolition costs and employee costs*

4.3 The table above shows that from year 2 onwards we generate sufficient cash, or revenue surplus, from our underlying business operations to cover the cost of investing in our existing homes and our funding costs.

4.4 Funding costs increase over the five year period as borrowings are drawn to fund the new build development. Interest is paid during the development period as new homes are completed and become available for letting, with rental income then growing over the period as the units are completed. This in turn generates a higher level of revenue surplus to meet funding costs and in time generates excess cashflows to help towards funding future development.

4.5 Included in the projections is provision for the continuation of investment in our services and assets:

- Over the five-year period the business plan includes provision for investment of £304.2m in our existing housing stock.
- Our new build programme includes gross development spend of £431.1m projected over the five-year period and the completion of 1,884 social and mid-market rent properties.
- A real term decrease in the operating cost per unit of 0.4% over the five-year period from £3,069 per unit in 2024/25 to £3,057 in 2028/29.

The financial highlights under each theme of our strategy are set out below.

Delivering Exceptional Customer Experience

4.6 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants.

- Feedback from tenants continues to emphasise how important the repairs service is for our customers. The launch of the MyRepairs service in early 2023 extended our collaborative working with City Building (Glasgow) LLP by introducing a new and improved model which has a specialist team deal solely with repairs. This improvement to the service was enhanced further following the successful launch of 'Book-it, Track-it, Rate-it' which improves communications around repairs appointments and the ability to capture real time feedback on service quality from customers.

- A new telephony system was introduced in 2023/24 across our Customer First Centre with further functionality planned to be developed in 2024/25. This will increase the automation of call handling and enable more analytical information to be gathered to help further improve the customer experience.

- These projections include funding to support our contribution of £28.7m over the next five years towards the Group's IT capital programme, which is aligned to 6 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. The workstreams are:

    - Digital Workplace, Workflows and Automation, including technology in hubs and support of the hybrid working model;
    - Customer Digital and Self Service, including the review and replacement of our current customer self-service platforms;
    - Housing and Care, supporting the new housing operating model through ongoing investment in staff mobile applications and services;
    - Digital Repairs includes ongoing programme of redevelopment of online repairs services for customers, aligned to ongoing improvement to support the evolution of 'Book-it, Track-it, Rate-it';
    - Core Architecture and CyberSecurity, ongoing maintenance and improvement to Group technology platforms to ensure ongoing security, stability and support of critical business operations; and
    - Data, AI and Innovation, including projects ensuring the delivery of Group Data Strategy and improved analytics.

Making the most of our homes and assets

4.7 The projections include £431.1m of gross funding for the new build programme over the five years, delivering 1,884 new social and mid-market housing units during this period. Grant income of £240.7m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. Over a 10-year period WH Glasgow will deliver almost 2,875 new homes contributing towards the Group's plans to complete around 9,000 new build properties over the same 10-year period.

4.8 In our existing homes, total investment of £304.2m (including inflation) has been included. This work will largely be completed by our joint venture partner, City Building (Glasgow) LLP. This funding will ensure that our properties remain in a good state of repair and sufficient provision is available for all compliance requirements. Included in our investment programme are projects which will help improve the energy efficiency of our homes aligned with our fabric first approach in our sustainability strategy.

4.9 The financial projections include £5.0m of funding in years 1-5 for customer identified investment priorities, "Customer Voice" and "Think Yes for Investment". Engaging with customers will ensure investment work streams will be better directed towards what customers want.

4.10 During the first five years of the plan £308.2m, (including inflation) excluding any joint venture discounts, has been earmarked for responsive and planned repairs, which takes cognisance of the increased costs of repairs driven by higher demand and price inflation. This funding will assist with the upkeep and maintenance of our stock.

Changing lives and communities

4.11 The financial projections demonstrate our commitment to changing the lives of our tenants and the wider communities in which we operate. This will be achieved through:

- Indirect funding of £12.6m to the Wheatley Foundation ("The Foundation") over the first 5 years of the financial projections with interest receivable on the convertible debt instrument owed by Lowther Homes passed directly from Lowther to Wheatley Foundation in lieu of a direct donation from WH Glasgow. Direct funding of £3.6m has been included over the first 5 years of the financial projections of which £2.3m will be to the Foundation to deliver services to our customers including welfare benefits advice, group protection and community policing to tackle anti-social behaviour and crime in our communities and employability advice.

- As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed in the Foundation to extend the Helping Hand fund. This fund provides assistance to our customers who are facing financial hardship to with rent.

Developing our shared capacity

4.12 In 2023/24 we completed the final phase of our operating model across the Group which saw changes to our frontline service model to allow us to offer customers access to specialist housing and repairs teams when needed. The new MyRepairs team which was launched in January 2023 had a successful first year and helped deliver improvements in customer satisfaction with the repairs services, extending too our collaborative working with City Building Glasgow. Our six Centres of Excellence are all fully operational and along with conveniently located touchdown points across our communities which provide places for staff and customers to meet.

4.13 Over the next five years, we will continue to invest in our staff to ensure they have the exceptional skills, attitude, engagement, and influence to excel in this hybrid working environment. Through our contribution to Wheatley Solutions, our financial plan helps fund a continued focus on staff development in a technology enabled workplace, in our leadership and graduate programmes. Further provisions for investment in IT will provide staff with the technology they need to continue to work in our hybrid environment.

Enabling our ambitions

4.14 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. The financial statements presented below demonstrate our improving financial performance and position over the next five years.

4.15 We must ensure that WH Glasgow together with the other RSL subsidiaries within the Group meet certain financial parameters. These include ensuring that a sufficient operating margin is generated and that there is sufficient cash flow strength and asset cover to support the level of debt. This ensures WFL1, as the RSL treasury vehicle, is able to meet its external funding conditions. There are two key ratios that we consider:

- Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation, and amortisation with major investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. This interest cover ratio should be >1.

- The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 2: ***[redacted]***

4.16 Higher levels of inflation on our operating costs, most notably repairs, impacts our interest cover, however through the achievement of the operational efficiencies, there is an improving operating surplus in the first 5 years of the projections and contributes towards interest cover moving to a ratio of >1 by year 2. The level of cover also fluctuates over the period due to the timing of significant new build activity with interest costs increasing before the benefit of rental income is earned from completed new build properties.

4.17 Although loan to value increases from [redacted] in 2026/27 and 2027/28, it remains below our 70% golden rule maximum level of loan to value. This demonstrates that WH Glasgow will have sufficient asset cover to support loans.

5. Customer Engagement

5.1 This report relates to our financial projections and therefore there are 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 Revised financial projections for WH Glasgow are summarised in section 5 above and in Appendix 1. These financial projections, once approved, will be submitted as part of the wider RSL borrower group projections to the Wheatley Group Board for approval on 21 February. The figures in the first year of the projections, 2024/25, will then form the basis of the annual budget which will be presented to the Board for approval in March. Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year.

8.2 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These will be reflected in the annual budget and performance monitored against budget each month.

9. Legal, regulatory and charitable implications

9.1 There are no specific legal implications arising from the revised financial projections. Implementation of specific actions identified in these projections may have legal implications and specific legal input will be sought as part of any business case approval process for these actions.

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 As part of our assessment of risk we have subjected our financial projections to sensitivity analysis to show the potential impact on the plan of key risk factors such as increased costs or a reduction in the availability of new build grant as well as general risks which apply to core assumptions of inflation and interest rates.

11. Equalities impact

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This report presents the financial projections for the five-year period to 31 March 2029.

13. Recommendations

13.1 The Board is requested to:

LIST OF APPENDICES:

Appendix 1 – 2024/25 Detailed Financial Projections

Wheatley Homes Glasgow

Better homes, better lives
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Wheatley Homes Glasgow Financial Projections

2024/25

Wheatley Group

1. Headlines

We completed the final phase of our operating model this year with the creation of specialist teams within our repair and frontline services supported by the Customer First Centre. The new My Repairs team, which has been in place since January 2023, extended our collaborative working with City Building Glasgow with specialist teams in place and able to drive improvements in the handing of more complex repairs. Frontline staff are able to access our Centres of Excellence which are now operational across all our communities along with conveniently located touchdown points for staff and customers.

In wider economic terms, inflation remains high and this continues to have a significant impact on the business and our customers. For 2024/25 the economic outlook in the UK remains uncertain with inflation proving to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements, both helping to maintain higher prices as a result we are maintaining prudent assumptions for the coming year on inflation and interest rates. While the current CPI rate is 4.0%, the reduction has been slow from a peak of 11.1% in 2022. Our business has been particularly affected by increases in the cost of fuel, utilities, insurance and repairs and maintenance costs. Inflation on repairs and maintenance costs remains at a higher level than general CPI, and our insurance costs have increased by more than 30% in the last year with fuel and utilities costs stabilising to some extent.

In their most recent announcement, the Bank of England indicated that their expectation was that although overall inflation may reduce to 2% by the middle of this year, it would rise again slightly and they would keep interest rates high for long enough to see inflation settle at 2%. This leaves forecasts for interest rate reductions from the current rate of 5.25% not likely until the second half of 2024. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure on these amounts.

Keeping rents affordable remains a key strategic aim and we need to strike an appropriate balance between affordability for our tenants during this continued period of pressure on household budgets. However, we must also ensure the ongoing financial viability of our core operations, while preserving appropriate levels of funding for investment in our homes. Following the low rent increase in 2023 which helped customers with the initial shock of cost of living crisis and the effect of high levels of inflation on our operating costs, most notably repairs, we now need to rebuild financial capacity to ensure we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.

We recognise economic factors are continuing to put pressure on household incomes and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by end of 2024/25. As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley

Foundation to support customers, including Welfare Benefits and Fuel Advisors, Home Comforts and we have set aside a provision in 2024/25 for the Helping Hand Fund to assist customers. This fund helps our customers who are facing financial hardship with their rent.

A total of 5,196 new build homes are assumed to be completed by the RSL Borrower Group over the next 5 years with 78% of these for social rent, and we will complete over 8,700 over the next 10 years. WH Glasgow has plans to deliver 1,884 homes in the next 5 years and over the next 10 years, 2,875 properties will be developed in WH Glasgow.

[redacted]

The updated five financial projections from 2024/25 include:

- Provision to deliver 1,819 additional new build homes for social and mid-market, plus an allowance for the acquisition of 65 units in the first 5 years of the plan[redacted]
- £304.2m of investment in our existing housing stock in the first 5 years of the projections, including the retention of a total provision of £5.0m for our Customer Voice and Think Yes for Investment over the same period. Our 2021-26 strategy committed to delivering £250m capital expenditure in our existing homes and we remain on track to deliver this substantial investment.
- Provision of £28.7m for investment in our digital transformation and centres of excellence strategies.
- £3.6m of funding for Initiatives, including the Wheatley Foundation, across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of operational efficiencies. Higher levels of inflation on our operating costs, most notably repairs, impacts our interest cover however through the achievement of the operational efficiencies, there is an improving operating surplus in the first 5 years of the projections and contributes towards interest cover moving to a ratio of >1 by year 2.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. WH Glasgow's peak net debt of £1,787.7m is forecast to be reached in year 27 before reducing thereafter.

It is important to note that continued control of costs are a key aspect of managing our financial position.

2. Key assumptions

The key assumptions in the 2024/25 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

a. Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2023, updated for forecast new build completions, market acquisitions and demolition handovers in 2023/24. Demolition handovers in 2023/24 relate to 4 multi storey blocks.

Table 1 – Split of stock by type

Unit Type	Units 31.3.2023	Forecast Completions 2023/24	Forecast Acquisitions 2023/24	Sales 2023/24	Demolitions 2023/24	Units 31.3.2024
General Needs and Supported	42,746	-	10	(2)	(600)	42,154
Shared Ownership	11	-	-	-	-	11
Total (Social)	**42,757**	**-**	**10**	**(2)**	**-**	**42,165**
Mid-Market Rent	813	71	-	-	-	884
Total	**43,570**	**71**	**10**	**(2)**	**-**	**43,049**

In 2023/24, 71 mid-market rent properties have completed, or are forecast to complete by the end of the year, at Sighthill and Shawbridge Street. Funding for 10 individual asset purchases, “acquisitions”, is included in 2023/24. These primarily relate to former Right to Buy properties bought back to facilitate majority ownership of a block.

Our mid-market rent properties offer a low cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by WH Glasgow but are leased to and managed through the Wheatley Housing Group’s commercial subsidiary, Lowther Homes Limited. On-going capital works costs will remain the responsibility of WH Glasgow and these costs are reflected within the business plan assumptions.

b) Projected new build completions and closing stock numbers

The 2024/25 projections assume a further 1,200 social rent units and 619 mid-market rent new build units can be delivered over the first five years of the plan. This will provide growth in stock number of 4.2% over the 5 years.

The WH Glasgow new build pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority area of Glasgow City. Our strategic agreement with Glasgow City Council sets out a shared ambition to deliver 4,000 new homes in the city over the next 10 years.

Table 2 shows the planned profile for both social rent property and mid-market rent properties over the period of the projections.

Table 2 – Housing Stock Numbers

Stock Numbers	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
Opening Units – Social Rent	42,165	42,277	42,349	42,566	43,016
New build	47	72	283	450	348
Acquisitions	65	0	0	0	0
Demolitions	0	0	(66)	0	0
Closing Units – Social Rent	42,277	42,349	42,566	43,016	43,364
[redacted]					
[redacted]					
[redacted]					

Planned demolitions over the five-year period relate to Livingwell stock. These demolitions will allow for the development of 50 new build social rent units in year 8 and 12 MMR units in year 7.

2.2 Income

a) Rents and Service Charge Income

The rent and service charge increases supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 7.5% rent increase in April 2024. Note, the Cube transfer agreement undertook to hold rent increased at 1.0% for 3 years, with 2023/24 being the final year.

Table 3 – [redacted]

Our future rent increase assumptions create financial capacity with our plan which will be reinvested into our core programme of capital work in our existing homes helping to maintain the quality of our properties.

b) Other Income

Other income includes service charges for heat with rent, district heating and garage lock ups, commercial income from rental of offices and shops underneath our housing properties, income generated from radio masts and solar panels, as well as lease income from Lowther Homes for our MMR properties. WH Glasgow also receives income from both Wheatley Solutions and Lowther Homes for the use of the Wheatley House and Lipton office hubs.

A further £11.2m is expected to be generated by WH Glasgow in 2024/25 from other income streams, rising to £16.1m by year 5 of the projections (2028/29), an increase of 43.8% in annual income. This is driven, in the main, by the completion of 619 new build MMR units which will be leased to Lowther Homes and increases income by £3.9m over the five years.

Table 4 – Other income summary

Source	Other Income £'000	2024/25	2025/26	2026/27	2027/28	2028/29
External	Commercial – Properties (net of voids)	1,490	1,603	1,650	1,700	1,750
	Commercial - Radio Masts	403	403	403	403	403
	District heating	596	618	630	643	656
	Furnished Lets	315	323	331	-	-
	Garage income (net of voids)	427	446	466	484	503
	Heat with rent (net of voids)	410	745	937	1,139	1,183
	HCI	330	330	330	330	330
	Solar PVs	389	398	408	418	429
	Wayleave Income (Virgin)	10	-	-	-	-
	Sub-total	**4,370**	**4,866**	**5,155**	**5,117**	**5,254**
Internal	MMR lease income	5,042	5,707	6,624	7,241	8,920
	Commercial - Wheatley House & Lipton	1,740	1,776	1,835	1,860	1,878
	Sub-total	**6,782**	**7,483**	**8,459**	**9,101**	**10,798**
	Total Other Income	**11,152**	**12,349**	**13,614**	**14,218**	**16,052**

The financial projections also include provision for owners' capital works as outlined below:

Owners' Capital Works £'000	2024/25	2025/26	2026/27	2027/28	2028/29
Income from Owners	600	600	600	600	600
Cost of Owners' capital works	(600)	(600)	(600)	(600)	(600)
Net Income in WH Glasgow	**0**	**0**	**0**	**0**	**0**

2.3 Cost inflation assumptions

Inflation has proved to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the current CPI rate is 4.0% it has taken longer to reduce from its peak of 11.1% in October 2022. According to most recent market expectations, the unwinding of inflation to the long-term Bank of England's target of 2% is now not likely to be achieved until the first half of 2025. Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had notable impact on our cost base. Fuel and utilities costs have stabilised to some extent; however, insurance and repairs and maintenance costs are still subject to notable price increases.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund.

The general cost inflation assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 – [redacted]

2.4 Operating performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The high rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Table 6 – Void rent loss, bad debt and arrears assumptions

Performance Assumptions	Current Year	2024/25	2025/26	2026/27	2027/28	2028/29
Routine voids (%)	1.15	1.2	1.2	1.0	1.0	1.0
Bad debts (%)	0.97	2.0	2.0	2.0	2.0	2.0
Arrears (£'000) - gross	12,335	14,014	14,014	14,014	14,014	14,014

The plan assumes a small increase in voids to 1.2% in years 1 and 2, before dropping down to the previous rate of 1.0%. Current void performance to December 2023 is 1.15% and, in the year ended 31 March 2023 was 1.02%, therefore our assumptions in the business plan are comparable to historical rates.

The business plan assumptions on the movement in arrears continue to recognise the economic challenges facing our customers, together with our experience to date with Universal Credit. The 2024/25 business plan prudently assumes that all working age tenants on benefits move to UC by end of 2024/25, which is reflected in the increase in arrears from the current year to 2024/25, linked to the 5 week initial waiting period.

2.5 Management costs

WH Glasgow's employee cost assumptions reflect the current direct staff structure. Additionally, WH Glasgow pays an appropriate share of the salaries of the Compliance and Investment, New Build, Environmental Service (NETs).

Running costs include day to day expenditure and a proportionate share of the NETs. Running costs also include an additional cost allowance to provide for the management costs of 1,200 new social rent units delivered through the development programme and 65 new social rent units from acquisitions. Running costs report an increase of 1.54% in real terms over the period, linked to the completion of new build; however, the average running cost per unit decreases by 1.23% over the five year period before inflation.

The plan assumes recharges from Group includes employee and running costs for central services such as the MyRepairs team, Customer First Centre, Employee Relations, IT, Finance and the Transactional Hub. The recharges reflect the strengthening of our specialist teams and the efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices. Over the five year period, in real terms, group recharges are expected to decrease by 1.49%. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (including inflation)

Management Costs £'000	2024/25	2025/26	2026/27	2027/28	2028/29
Employee costs	32,119	32,733	33,685	34,658	34,871
Running costs	10,312	10,332	10,885	11,056	11,542
Recharges from Group	25,575	26,097	26,988	27,333	27,558
Total Management Costs	**68,006**	**69,162**	**71,558**	**73,047**	**73,971**
Average Cost per Unit £	1,609	1,633	1,681	1,698	1,706

Overall, in real terms, management costs are expected to fall by £0.3m between 2024/25 and 2028/29; a 1.23% reduction. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service tenants receive and their satisfaction levels. The provision for repairs recognises the continued increase in demand that we have experienced in 2023/24 and growth from the additional stock. We work closely with city Building Glasgow and have a number of operational and specialist staff co-located with City Building teams. We are also working together on digital and system changes which will see improvements to communications with customers following on from the launch of Book it, Track it Rate it in 2023/24.

Repairs and maintenance costs increase from £48,731k in the 2023/24 budget (stated in 2024/25 prices) to the projection of £58,468k for 2024/25 to ensure we have sufficient provision to meet higher customer demand and inflationary cost increases. Table 8 summarises the revenue repairs and maintenance assumptions.

Table 8 – Planned and Routine Maintenance (including inflation and excluding joint venture discounts)

Repair Costs £'000	2024/25	2025/26	2026/27	2027/28	2028/29
Routine Maintenance	38,487	39,359	40,423	41,571	42,762
Planned Maintenance	19,981	19,917	22,683	21,172	21,814
Total repair costs	**58,468**	**59,276**	**63,106**	**62,743**	**64,576**

A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

b) Capital Investment

As part of our financial and asset investment planning, we have aligned the level of financial capacity within our financial projections for investment in existing homes with the stock condition information we hold in our asset management system and our rolling programme of stock condition surveys. This includes the delivery of energy efficiency projects including those that will go towards delivering the standards outlined in the Scottish Government consultation on the Social Housing Net Zero standard.

Investment in existing stock in 2023/24 is forecast to be £55.1m. Over the next five years this investment will continue with a further £304.2m, including inflation, of planned investment in existing stock. This is possible due to operational efficiencies in management costs as well as generating operation cashflows from rental income.

Table 9 summarises the capital investment programme for the next five years. Within the core programme, £5.0m has been allocated to “Customer Voice” and “Think Yes for Investment” - spending decisions made in consultation with, and led by our customers, to address local priorities. This equates to 4.3% of the core programme budget. Capitalised void costs include the costs of carrying out the programme of void works as well as £5.2m of costs for clearing the properties with works carried out by a specific voids team in our Group Environmental service. The in-house service gives us greater control over the void turnaround process.

The Plan over the next five years includes costs of £53.0m in improving the energy efficiency of our homes. These measures will include heating renewals, window lifecycle replacements and wall insulation, which will contribute to achieving the Social Housing Net Zero Standard that is replacing the EESSH2 standard.

Table 9 – Capital investment programme (including inflation)

Capital Investment £’000	2024/25	2025/26	2026/27	2027/28	2028/29
Core Investment Programme	18,113	19,992	23,926	26,354	28,825
Capitalised Void Costs	11,621	11,912	12,215	12,516	12,717
Capitalised Repairs	6,919	7,092	7,270	7,451	7,638
Disabled Adaptations	2,857	2,928	3,001	3,076	3,153
Capitalised Fixed Overhead	8,174	8,379	8,588	8,803	9,023
Sub-total	**47,684**	**50,303**	**55,000**	**58,200**	**61,356**
Capitalised Employee Costs	5,846	5,961	6,460	6,667	6,772
Total Capital Investment	**53,530**	**56,264**	**61,460**	**64,867**	**68,128**

Over the life of the plan, the provision is in line with the core investment needed to maintain the quality standard of our existing homes and meet the component replacement cycles. This also provides sufficient capacity in the plan when compared with the level of investment JLL, the Group's valuation experts, have estimated when undertaking the most recent valuation of housing properties.

c) New Build Programme

The new build programme as outlined in Section 1.1 reports 2,875 new units (2,234 for social rent (inclusive of 65 acquisitions) and 641 for mid-market rent), of which 1,884 are anticipated to be delivered within the next five years. Table 10 outlines the investment in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

Table 10 – New build funding profile (including inflation)

New Build Programme £'000	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Yrs 1-5
Development Costs	59,074	86,668	121,863	101,729	50,886	420,220
Grant Income	(43,188)	(56,051)	(66,930)	(54,253)	(20,306)	(240,728)
Net Development Cost	**15,886**	**30,617**	**54,933**	**47,476**	**30,580**	**179,492**
Capitalised Employee Costs	3,289	3,349	3,397	3,488	3,502	17,025
Capitalised Demolition Costs	7,717	1,934	697	0	0	10,348
Capitalised Interest Costs	995	1,446	2,091	3,111	1,872	9,515
Net Cost	**27,887**	**37,346**	**61,118**	**54,075**	**35,954**	**216,380**
Unit Completions (Social and MMR)	170	212	344	606	487	1,819
Acquisitions	65	0	0	0	0	65

In 2024/25, a further £4.8m spend (development cost of £10.9m net of assumed grant of £6.1m) is included in respect of strategic acquisitions of 65 units and a provision of £0.2m has been included for a development fund. The development fund can go towards projects of particular strategic importance to help where there is a small funding gap. It has not be assigned to any particular project at the present time and if unused will be rolled forward.

In addition to the 1,819 properties WH Glasgow will directly deliver over the five year period, the financial projections reflect an increase in WH Glasgow's loan to Lowther of £15m. [redacted]

d) Demolition costs

The financial projections include a provision of £10.9m in respect of our demolition programme over the five year period, which includes provision for service disconnections, home loss and disturbance payments to tenants, in addition to the cost of the physical demolition. The majority of this funding relates to 4 multi storey blocks, with the balance relating to several sites including two livingwell projects. It has been assumed that most of these costs, £10.3m, can be capitalised as we have plans to redevelop the site, with £0.6m home loss and disturbance payments expensed. The costs of demolition are wholly funded by WH Glasgow, with the revenue component reducing the operating surplus in the year incurred.

2.7 Initiatives and Other Provisions

a) Initiatives

The projections also include provision for initiatives which are available to tenants. The initiatives are delivered directly by either WH Glasgow or by The Wheatley Foundation. The services delivered directly by WH Glasgow include support though the Helping Hand Fund (Livingwell)and Starter Packs. Provision of £1.3m is included within the 5 year projections.

WH Glasgow's main contribution of over the next 5 years is indirectly to Wheatley Foundation. Interest receivable by WH Glasgow on the convertible debt instrument owed by Lowther Homes is passed directly from Lowther to Wheatley Foundation from WH Glasgow, totalling £9m over the five year period. Additional interest of £3.6m, assumed to be received in relation to the £15m increase in on lend to Lowther, will also be redirected to the Foundation in lieu of additional contributions. On top of this, there is provision in the plan for a direct donation to Wheatley Foundation of £2.3m over the five year period.

The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. The majority of the Foundation's income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 80% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to fund several projects and initiatives that will benefit customers and communities across the Group. These initiatives include projects such as the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for WH Glasgow over the long term. WH Glasgow's contribution, to these initiatives over the next five years is summarised (including inflation) in the table below.

WH Glasgow's contribution to these initiatives over the next five years is summarised in the below table. The projections assume sufficient funding will be available from existing financial capacity in the Foundation to deliver their initiatives in years 1 to 3.

Table 11 – Initiatives (including inflation)

Initiatives £'000	2024/25	2025/26	2026/27	2027/28	2028/29
	Year 1	Year 2	Year 3	Year 4	Year 5
Donation to Wheatley Foundation	-	-	-	1,119	1,220
Other Initiatives	241	246	250	255	261

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £38.5m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WH Glasgow makes a capital contribution towards the overall Group IT capital costs. The table below details WH Glasgow's contribution of £28.7m including inflation, over the next 5 years.

Table 12 – IT Capital Contribution (excluding inflation)

IT Capital Programme £'000	2024/25	2025/26	2026/27	2027/28	2028/29
	Year 1	Year 2	Year 3	Year 4	Year 5
IT Capital Contribution	6,431	6,158	5,873	5,427	4,767

The 5-year IT Capital Investment programme is aligned to 6 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. Workstreams and associated projects are reviewed annually and aligned with business strategy reviews.

The workstreams are:

- Digital Workplace, workflows and Automation
- Customer Digital and Self Service
- Housing and Care
- Digital Repairs
- [redacted]
- Data, AI and Innovation

The investment will support a range of projects, changes to Group operating model and the delivery of service improvements across our digital, voice and face-face channels of delivery.

- **Digital Workplace, workflows and Automation** – an ongoing programme of technology and facility upgrades and improvements in support of Group office and hybrid working. Improvements to complex back-office processes and workflows through exploring RPA (robotic process automation) and data integration and automation services.

- **Customer Digital Self Service** – Ongoing service improvements and alignment of our online service portfolio with end to end customer journey maps and customer outcomes. Review and replacement of our current customer self-service platforms for tenants and owners; a programme of CFC improvements provided by the implementation of STORM call centre multi-channel platform. Ongoing service improvements aligned with Stronger Voices and wider customer engagement programmes.

- **Housing and Care** – Supporting the vision for future housing operating models and delivery approaches, through ongoing investment in staff mobile applications and services (e.g. devices, software, improved access to data and information), housing platform upgrades and process improvements. Key projects include improvements to Group Housing Management System; development and improvements to platforms and services supporting Anti-Social Behaviour, Tenancy Support Services, Welfare Benefits and Environmental service delivery.

- **Digital repairs** – An ongoing programme of delivery aligning City Building service delivery models and systems to improved Repairs approaches across platforms, reporting, customer communications and CFC support. Evolution of Group Book-it, Track-it, Rate-it services and improvements to Trade and Inspector field and mobile working through improved devices, system and data access across core delivery, compliance and asset management.

- **[redacted]**

- **Data, AI and Innovation** – A programme of projects ensuring delivery of Group Data Strategy and wider delivery roadmap including improved analytics, data warehousing and Group-wide platform reporting improvements, including City Building repairs and compliance analytics. Establishing a Group AI strategy, governance and delivery roadmap across staff, manager and platform.

2.8 Operating Cost per Unit

Our operating costs per unit, excluding depreciation and finance costs over the five year period are set out in Table 13 below:

Table 13 – Operating cost per unit (including inflation)

Operating Costs £'000	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Costs	131,661	138,032	144,187	147,490	149,461
Average no. of social rent units	42,223	42,315	42,460	42,793	43,192
Average operating cost per unit £	**3,118**	**3,262**	**3,396**	**3,447**	**3,460**

The underlying operating cost per unit, in real terms, is assumed to decrease by 0.4% over the first five years, a saving of £12 per unit. Operating costs include the increased provision for repairs reflecting the increase in demand that we have experienced in 2023/24 and growth from the additional stock. The costs in 2025/26 include the ERVR provision to deliver savings through operating model changes to further improve efficiency and service provision. In addition, costs in 2024/25 to 2026/27 reflect the reduced employer contributions for the Strathclyde Pension Fund with the employer pension contributions reducing from 19.3% to 6.5% in 2024/25 and 2025/26 and 17.5% in 2026/27 before assuming to return to 19.3% in 2027/28.

2.9 Interest Rate Assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited ("WFL1") at an assumed blended average funding rate. The blended funding rate reflects a combination of existing bank, bond, and private placement funding and prudent assumptions on the cost of future funding, taking into account the proportion of funding at fixed and variable rates, and any monitoring or commitment fees payable by WFL1 to external funders. This is consistent across all Group subsidiaries.

Table 14 – Interest rate assumptions

Interest Rate Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29
	Year 1	Year 2	Year 3	Year 4	Year 5
Interest Payable (Group Funding)	4.90%	5.00%	5.00%	5.00%	5.00%
Interest Receivable	1.00%	1.50%	2.00%	2.00%	2.00%

3. Financial projections – next 5 years

3.1 Statement of Comprehensive Income

Table 15 – Statement of Comprehensive Income

Statement of Comprehensive Income	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	220,725	231,184	243,150	255,284	267,226
Other Income (including MMR lease income)	11,303	12,504	13,774	14,382	16,219
Grant Income	28,316	33,523	40,087	66,548	54,458
Total Income	**260,344**	**277,211**	**297,011**	**336,214**	**337,903**
Service Costs	(6,682)	(6,761)	(6,942)	(6,782)	(6,959)
Management Costs	(68,006)	(69,162)	(71,558)	(73,047)	(73,971)
Repair and Maintenance Costs	(51,303)	(52,111)	(59,146)	(58,783)	(60,616)
Demo and ER/VR Costs	(840)	(4,951)	(1,269)	(2,262)	(1,005)
Wider Role and Strategic Initiatives	(241)	(246)	(250)	(1,374)	(1,481)
Bad Debt	(4,589)	(4,801)	(5,022)	(5,242)	(5,429)
Depreciation	(84,281)	(87,766)	(88,062)	(92,108)	(98,739)
Operating Expenditure	**(215,942)**	**(225,798)**	**(232,249)**	**(239,598)**	**(248,200)**
Investment Property Valuation Movement	(28,063)	(30,078)	15,955	(31,344)	(39,833)
Operating Surplus	**16,339**	**21,335**	**80,717**	**65,272**	**49,870**
Operating Margin (%)	6%	8%	27%	19%	15%
Finance Costs	(54,332)	(57,731)	(59,926)	(62,879)	(66,554)
Housing Property Valuation Movement	37,228	47,350	(11,241)	6,250	29,506
Total Comprehensive Income	**(765)**	**10,954**	**9,550**	**8,643**	**12,822**

Rental income
Investment in the new build programme and assumed rental increases will generate 21% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Other income
Other income relates to income from our service charge offerings to tenants (e.g. heat with rent, home contents insurance, and rental income for our garage lock ups), as well as commercial property income (i.e. our offices and shops, radio mast charges and lease income from Lowther Homes for our MMR properties). Other income is assumed to increase by £4.9m over the first 5 years of the projections, of which £3.9m relates to increased lease income.

Grant income
In line with SORP 2014, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Operating Expenditure
Management costs across the period assume efficiency savings as detailed in section 2.5 of this paper. In real terms, efficiency savings are expected to be achieved in employee costs incurred by WH Glasgow directly and those recharged from Wheatley Solutions.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to demolition costs and ER/VR costs which are "non-recurring" business change expenditure.

As noted in section 2.7, wider role and strategic initiative spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £3.6m has been included in the first 5 years of the projections.

Investment Property Valuation Movement
Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income.

Finance Costs
Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2014 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario.

Over the five year period total comprehensive income is £41.2m.

3.2 Statement of Financial Position (including inflation)

Table 16 – Statement of Financial Position

Statement of Financial Position	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Housing Properties	1,700,644	1,783,170	1,867,593	1,932,335	1,968,801
Other Fixed Assets	62,291	62,762	63,870	63,296	59,739
Investment Properties	122,393	126,890	155,798	154,335	142,480
Lowther Investment	12,073	12,073	12,073	12,073	12,073
Total Fixed Assets	**1,897,401**	**1,984,895**	**2,099,334**	**2,162,039**	**2,183,093**
Pension Asset	**2,505**	**2,505**	**2,505**	**2,505**	**2,505**
Current Assets	56,156	64,146	64,134	64,121	64,121
Current Liabilities	(116,938)	(126,704)	(159,308)	(150,215)	(142,480)
Net Current Liabilities	**(60,782)**	**(62,558)**	**(95,174)**	**(86,094)**	**(78,359)**
Long-Term Liabilities	(1,163,926)	(1,238,690)	(1,310,963)	(1,374,105)	(1,390,072)
Net Assets	**675,198**	**686,152**	**695,702**	**704,345**	**717,167**
Retained Earnings	675,198	686,152	695,702	704,345	717,167
Total Reserves	**675,198**	**686,152**	**695,702**	**704,345**	**717,167**

Housing Assets

The plan assumes Housing Property assets to increase £332.5m over five years from 1 April 2024 due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Other Fixed Assets

Other Fixed Assets include our fixtures and fittings and investment in IT Equipment. Annual depreciation charges reduce the balance each year.

Investment Properties

Investment properties include our commercial properties (i.e. shops and offices) and our mid-market rent properties. The plan assumes Investment Property assets to increase £23.7m over five years from 1 April 2024 due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Net Current Liabilities

Current assets include rent arrears, trade debtors and cash, together with the intercompany balance relating to the loan to Lowther. Provision has been made for a further increase in arrears in year 1, which continues over the period. The movement in current assets relates to the increase in lending to Lowther.

Current liabilities fluctuate over the period primarily as a result of the inclusion of grant received in respect of the new build programme. This is held as deferred income in the balance sheet until the units complete and it can be recognised in Turnover.

Long Term Liabilities

Long term liabilities relate to the loan due to Wheatley Funding Limited 1 (WFL1) and the contingent efficiencies grant. Net debt steadily increases before slowing between years 6-17, and then increasing again in year 17 due to the repayment of the £100m contingent efficiencies grant. This pushes net debt to a peak of £1,787.7m in year 27 (2050/51).

Retained Earnings

During the five year period from 1 April 2024, retained earnings are projected to increase by the reported total comprehensive income of £41.2m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

3.3 Statement of Cash Flow

Table 17 - Statement of Cash Flow

Cash Flow	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	228,514	241,127	254,169	266,733	280,355
Operating Expenditure	(132,256)	(133,830)	(136,560)	(142,848)	(144,631)
Net Cash from Operating Activities	**96,258**	**107,297**	**117,609**	**123,885**	**135,724**
Core & Other Capital Expenditure	(62,476)	(64,590)	(69,740)	(71,580)	(73,860)
New Build Expenditure	(81,129)	(91,951)	(125,956)	(105,217)	(54,388)
Grant Income	49,362	56,051	66,930	54,253	20,306
Loan to Lowther Homes	(3,781)	(8,014)	0	0	0
Net Cash used in Investing Activities	**(98,024)**	**(108,504)**	**(128,766)**	**(122,544)**	**(107,942)**
Finance Costs	(49,528)	(53,216)	(55,855)	(59,672)	(61,973)
Net Movement in Cash	**(51,294)**	**(54,423)**	**(67,012)**	**(58,331)**	**(34,191)**

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 41% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by the operating cost per unit decreasing 0.4% over the same period.

Net Cash used in Investing Activities

This reflects the on-going core programme and other investment works, and the new build programme.

Finance Costs

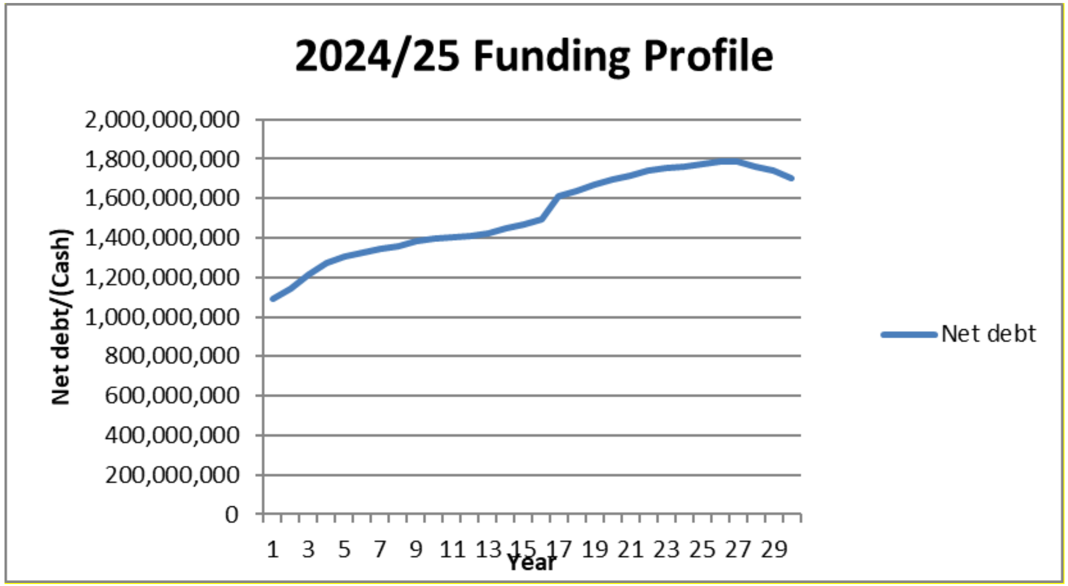
This reflects the interest due on our loan with WFL1. As expenditure is incurred to pay for our new build programme, WH Glasgow will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2033/34, while core programme expenditure continues. Peak net debt is reached in year 27 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

In the first five years of the plan we anticipate a £265.3m net cash outflow. This is due to significant investment in our existing properties, and the new build programme, in line with our strategic objectives.

4. Funding and Debt Profile

The resulting debt profile for WH Glasgow is as follows:



5. Key Parameters

5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need to be met to ensure that WH Glasgow remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. Therefore, the following criteria need to be taken into account when assessing the impact of any risks or business decisions on projections:

5.2 Operating margin generation

In the long term, underlying operating surplus (excluding grant income and property valuation movements) needs to be sufficient to service debt, i.e. meet interest and capital payments on debt balances and achieve overall financial surplus every year. The business plan assumes that WH Glasgow will generate the following operating margins over the next 5 years:

Adjusted Operating Margin	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29
	£'000	£'000	£'000	£'000	£'000
Income (excluding grant income and property valuation movement)	233,643	245,302	258,579	271,362	285,184
Adjusted Operating Surplus	17,701	19,504	26,330	31,764	36,984
Operating Margin	**7.58%**	**7.95%**	**10.18%**	**11.71%**	**12.97%**

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 3.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin increases over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

5.3 Cash flow strength

Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years**. Revenue surplus** removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements, to assess the funds available to meet interest payments and pay for all costs related to current stock. A ratio > 1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, longer term, the interest cover ratio needs to be over 1.0 to demonstrate sufficient capacity to repay capital.

Revenue Surplus	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29
	£'000	£'000	£'000	£'000	£'000
Revenue Surplus less Capital Investment	50,577	53,484	54,512	60,372	68,153
Interest Expense	50,897	52,154	53,988	57,721	62,409
Interest Cover	0.99	1.03	1.01	1.05	1.09

The ratio gradually increases over the five-year period as new build developments are completed. As units are completed, more rental income is generated which, along with efficiency savings, offsets the higher interest costs. In year 3 there is a reduction in interest cover due to a return to the higher rate of employers pension contributions after the benefit of the reduced rate in 2024/25 and 2025/26.

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. The WH Glasgow investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. It is however important that each subsidiary within the group have sufficient asset cover to support their debt requirement. The measure used to assess this is loan to value, defined as net debt as a percentage of the value of housing and investment properties (excluding housing under construction). The graph below shows the projected loan to value for WH Glasgow over the first 10 years.

[redacted]

Although loan to value increases [redacted] in years 2026/27 and 2027/28, it remains below our 70% golden rule maximum level. This demonstrates that WH Glasgow will have sufficient asset cover to support loans.

6. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors. As well as general risks relating to inflation and the cost base.

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		0.99	1.03	1.01	1.05	1.09	**£1,394.4**	**66%**	
Risks									
1	Cost inflation remains at 5% in year 2	0.99	0.93	0.92	0.95	1.00	£1,456.9	67%	Seek operational efficiencies and review service and repairs levels to offset the impact of inflation on costs.
2	Rent increase reduced to inflation in years 2-3	0.99	0.92	0.83	0.86	0.91	£1,503.1	68%	Rent setting policy review, operational efficiencies and review service and repair levels.
3	Bad debts increased by 1% in years 1-5	0.89	0.91	0.89	0.93	0.98	£1,412.7	66%	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs.
4	Employee costs planned savings not achieved	1.01	1.10	0.99	1.04	1.06	£1,401.6	66%	Review of procurement, contract negotiation and operational efficiencies as well as service and repairs levels to offset the impact of the additional staff costs.
5	Repair and maintenance costs are 10% higher from years 1-5	0.89	0.90	0.88	0.92	0.97	£1,435.3	67%	Seek operation efficiencies and review service and repairs levels to mitigate the financial impact of the additional repair costs.

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		0.99	1.03	1.01	1.05	1.09	**£1,394.4**	**66%**	
6	Additional investment spend of £12m over the first two years	0.87	0.88	0.99	1.02	1.08	£1,413.9	67%	In mitigation any non-essential works would be delayed in order to accommodate investment priorities, and cost efficiencies would be sought within the operational cost base and new build programme.
7	2 new build schemes are delayed by 6 months	0.99	1.01	1.00	1.03	1.09	£1,395.0	66%	The development team would endeavour to reduce the impact of this through contract negotiation and planning forward for known issues.
8	New build contractor goes into administration with costs increasing by 15% and completion delayed at 3 sites	0.99	1.01	1.00	1.03	1.09	£1,407.4	66%	In mitigation we would expect that this would be picked up by our monthly monitoring of contract exposure, allowing time for resolution before the contractor fell into administration. We would seek to absorb any impact from this within the investment programme funding allocation, and by reducing non-essential work within the capital investment programme.
9	In years 2 inflation stays at 5% and rent increases unchanged, Bad debts increased by 1% in years 1-5 and repair and maintenance costs are 10% higher in year 1-5	0.99	1.00	0.99	1.02	1.08	£1,407.0	66%	In mitigation cost efficiencies would be sought elsewhere in the event of reduced income and increased costs.

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak debt £m Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		0.99	1.03	1.01	1.05	1.09	**£1,394.4**	**66%**	
10	Grant funding is not received for approx. 50% of uncommitted new build developments planned in years 1-3 and these sites do not go ahead	0.99	1.00	0.99	1.04	1.08	£1,331.3	64%	We will continue to work with GCC and Scottish Government to maximise development funding and opportunities. In mitigation of the lost rental income, cost efficiencies would be sought.
11	The blended interest rate on borrowing increases to between 5.15% and 5.10% in years 1-5	0.94	0.97	0.97	1.01	1.06	£1,407.3	66%	In mitigation cost efficiencies would be sought elsewhere in the event of reduced income and increased costs.

Wheatley Homes Glasgow

To:	**Wheatley Homes Glasgow Board**
By:	**Frank McCafferty, Group Director of Repairs & Assets**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Five-year Capital Investment Plan**
Date of Meeting:	**09 February 2024**

1. Purpose

1.1 To seek approval of our five-year plan for capital investment in our existing homes for the period 2024-2029.

2. Authorising and strategic context

2.1 Under our Terms of Reference, we are responsible for approving our five-year capital investment plan ("investment plan").

2.2 Investment in existing homes is a key component of the "Making the most of our homes and assets" strategic theme in our five-year strategy; in particular it supports the strategic outcome of investing in existing homes and environments. It also supports the wider strategic ambition in our 2021-26 strategy to reduce carbon emissions from our existing homes.

3. Background

3.1 Our investment plan details our ambition to deliver improvements in our existing homes and environments over the next five years. The plan is informed through data on our assets from our stock condition survey as well as intelligence from our response repairs programme, customer priorities via local engagement activities and knowledge of our stock from staff.

3.2 The plan is reviewed and updated annually ensuring it remains agile to reflect changing customer expectations, emerging regulatory requirements, and new group strategic investment objectives. Work is on-going currently to develop a group asset management strategy which will provide an overarching framework for future asset investment related decision making and planning.

4. Discussion

<u>Overall programme</u>

4.1 Our five-year plan includes a core programme budget of £117.2m. This investment will help to deliver customer priority investment and support our net zero ambitions. In addition, the programme includes £97.4m for improvements and capitalised repairs to void properties and £15.0m to support the delivery of medical adaptations to help customers remain independent in their homes for longer.

4.2 Our 2021-26 strategy committed to delivering £250m capital expenditure in our existing homes and we remain on track to deliver this substantial investment. The total capital expenditure assumed over the next five years is £304.2m. This is inclusive of inflation and includes fixed overheads and an allocation of on-costs for our technical Repairs Investment and Compliance (RIC) asset staff, who play a key role in delivering our core investment programmes.

4.3 Our core investment activities over the next five years will continue to focus on the delivery of regulatory/best practice compliance activities and improvements which deliver value to our customers. Our ongoing customer engagement and locality neighbourhood planning approach consistently tell us that customers want modern, energy efficient homes and safe neighbourhoods. Our investment plan demonstrates our ongoing commitment to deliver on these priorities with the programme content falling within three broad themes:

- Warm, high-quality homes,
- Safe homes; and
- Great neighbourhoods

4.4 Further details of the programme that make up these themes is provided at Appendix 1. The figures in Appendix 1 and below are before on-costs unless otherwise stated.

Warm, high-quality homes

4.5 This theme encompasses our energy efficiency and internal modernisation programmes. We plan to invest £53m over the next five years in improving the energy efficiency of our homes. These measures will include heating renewals, window lifecycle replacements and wall insulation.

4.5 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing heat demand and fuel poverty but will also assist in relation to the objectives of our sustainability framework and delivering the regulatory objectives that the Scottish Government is consulting on at present through its planned Social Housing Net Zero Standard. this standard will replace the current Energy Efficiency Standard for Social Housing ("EESSH2").

4.6 The proposals in SHNZS include separate fabric efficiency measures and requirement for properties to have net zero heating sources by 2045. An estimate of how our properties preform currently in relation to the expected fabric efficiency requirement in SHNZS is show below.

Archetype (Meeting 120kWh/m^2/yr)	
Houses	Pass: 80% Fail: 20%
MSF	Pass: 89% Fail: 11%
Sandstone Tenements	Pass: 60% Fail: 40%
Flats	Pass: 79% Fail: 22%

4.7 We are committed to exploring the use of new technological innovations to help us deliver our sustainability ambitions. We have recently completed the installation phase of a pilot project at Kelvindale Road, Glasgow to connect flatted properties to a single community solar PV system called the SolShare. This system will allow customers living in flatted properties to benefit from solar power generation, specifically a reduction in their electricity bills. This innovative system monitors demand and directs the energy generated to where it's needed to maximise energy consumption at source, maximising the saving for customers and minimising the need to export back to the grid. We will assess the impact of this pilot over 2024/25 to determine the customer and business benefits before consideration is given to wider roll out as part of any improvement programme.

District Heating Consolidated Control and Management System

4.8 The plan includes for the continuation of our £3.5m programme to deliver a new control management system across our district heating network. This project commenced in 2023/24 and encompasses 1,455 homes in Glasgow, that are connected to a district heating network, and which are managed in-house. This includes Biomass systems at Broomhill and Colina St and our older, less efficient, Heat with Rent homes across Glasgow. Excluded are those networks which are already under concession contracts to 3rd parties e.g. Wyndford and Commonwealth Games Village. The objective of the control and management system is to improve, in some cases double, the efficiency of these district heat networks and reduce fuel consumption. Customers will also see an improved customer experience by enabling them to better manage and control their heating providing greater comfort and reduce energy costs.

Quality Homes

4.9 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our investment plan includes for the installation of around 2,600 new kitchens and a further 1,000 new bathrooms. This programme will include a combination of reactive replacements in void properties and a planned lifecycle replacement programme, which will focus on the upgrade of kitchens last replaced in the early years of our (GHA) investment programme, post stock transfer from GCC.

Safe Homes

4.10 Our investment plan places a strong emphasis on ensuring our homes remain safe and secure, including secure entrances to our customers' homes and supporting the Group's Fire Prevention and Mitigation Framework. Over the five years of our investment plan, we will deliver £9.2m of improvements across a range of Home Safety related programmes encompassing:

- Installation of emergency lighting in all our core stock MSFs by 2025/26,
- Domestic wiring upgrades where required through our periodic electrical inspection regime;
- Lifecycle replacement of LD2 smoke and heat detection across all stock types;
- Thermostatic Mixer Taps for our most vulnerable customers;
- Provision for planned improvement works as recommended in our Fire Risk Assessments;
- Upgrade of vital Mechanical & Electrical communal infrastructure; and
- Upgrading controlled entry systems where required.

4.11 Our five-year investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions following a person-centred risk assessment to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

4.12 More generally, the Scottish Government has recently issued a Technical Advice Note to assist in determining the fire risk posed by external wall systems in multi-storey residential buildings. This include an external wall appraisal to ensure that people are not placed at undue risk of harm from fire spread over or within the external wall system.

4.13 The Technical Advice Note provides a methodology (from a desktop review to more intrusive surveys) to establish the makeup of external wall systems and their fire performance and applies to all buildings of two or more storeys with a greater emphasis on building of greater height.

4.14 We have developed a risk profile and action plan for external wall systems and completed a desktop review for our highest priority buildings - all those above 18m (MSFs). We also engaged qualified Building Surveyors and / or Fire Engineers to undertake four intrusive surveys to supplement the information we hold for these buildings.

4.15 Using the approach in the Technical Advice Note, all our MSF were assessed to be of a low / tolerable risk rating. This builds on, and reinforces, the extensive assessment and analysis work that we have undertaken previously on our MSF and provides further assurance on fire safety. As does the use of rockwool and concrete in our external wall system, the non-use of ACM (Aluminium Composite Material) or HPL (High Pressure Laminate) systems, and the various fire safety investments we have made including sprinklers in bin stores, interlinked smoke and heat detectors in homes, minimum 30-minute fire resistant doors on homes and intumescent seals on bin chutes.

4.16 Going forward, the desktop review of buildings between 11m – 18m will commence in April 2024 followed by buildings of a lower height.

4.17 We have also developed PIMSS (the Group Asset Information Management Systems) to allow the recording of desktop reviews and intrusive surveys, in the format recommended by the SG Technical Advice Note

4.18 We will continue to meet with the Scottish Government Cladding and Remediation Team to understand further developments in the Technical Advice Note and associated Single Building Assessment process that is being piloted. It is anticipated that changes to the Technical Advice Note and the proposal of a Housing (Cladding Remediation) Bill could be introduced in 2024, outlining further advice and guidance to appraisals, assessments and routes for remediation.

Great Neighbourhoods

4.19 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining and enhancing the visual appeal of our properties and environments is an integral part of our asset management approach to ensure that our neighbourhoods are secure and desirable for both existing and prospective customers. We will invest £5m in our customers' communal environments over the next 5 years.

Mechanical & Electrical (M&E) Infrastructure Upgrades

4.20 Our investment plan recognises the importance of our M&E infrastructure in ensuring our homes function correctly. This is particularly important in our Multi Storey properties, where vital services are required such as ventilation, water supply, CCTV and lifts. Our five-year plan includes £10m for planned improvements to critical M&E components including the lifecycle replacement of pump sets and water storage tanks, ventilation plant and lifts.

Mould and Damp

4.21 We recognise the negative impact that damp and mould can have on our customers' health & quality of life. The primary cause of damp within our homes relates to condensation, generally resulting from excessive humidity, inadequate ventilation, or lifestyle behaviours, which can be exacerbated by the effects of fuel poverty. To tackle this, during 2023 we restructured our MyRepairs delivery teams with co-located Wheatley Homes and CBG teams to further enhance and strengthen our approach and management of mould and damp in our homes.

4.22 This new innovative team has now embedded new processes where customers with repeat cases of damp and mould are identified for further investigation the ensure the root cause of the problem has been correctly identified and resolved.

4.23 Our investment plan seeks to further support our approach to mould and damp through the delivery of a targeted mechanical ventilation upgrade programme benefitting over 5,000 customers over the next five years. This investment will significantly improve indoor air quality and ensure customers have efficient and effective means of ventilating their home to help mitigate the effects of condensation dampness. The programme will be developed using asset intelligence to identify trends in response repair data, which will help to inform and target priority areas, tenancies and stock types.

External Funding Opportunities

4.24 We will continue to explore external funding opportunities to help support and maximise the value of our investment programme for tenants and factored homeowners alike. This is demonstrated by our £6m Connected Response programme which has now benefitted almost 6,000 Wheatley Homes Glasgow tenants and the £800k ECO (Energy Company Obligation) funded energy retrofit project at Linkwood, Drumchapel (completed in 2023/24) which saw 22 of our most energy inefficient homes improved from an Energy Performance Certificate (EPC) of band E to band B. A further £2m has been secured from ECO to support the installation of Solar PV and Air Source Heat Pumps in up to 150 electrically heated main door homes across the city. This project commenced in 2023/24 and will be completed in 2024/25. We will continue to explore further opportunities in 2024/25 to access any available funding to support energy efficiency programmes for eligible stock.

4.25 Further grant support of around £200k has again been obtained from Glasgow City Council to support factored homeowners involved in our ongoing major planned repair programme for pre-1919 tenement homes in the city centre in 2024/25. This financial support has been vital to enable these owners to participate in the programme.

Year 1 programme (2024/25)

4.26 Our capital programme in Year 1 (2024/25) of the five-year plan has a total value of £53.53m (including all on-costs). This includes £18.1m for major property improvements, £17.5m for capitalised repairs and improvements in void properties and almost £2.86m for major medical adaptations. Our 2024/25 programme will deliver a range of work types and associated outputs, benefitting up to 7,000 tenants.

5. Customer Engagement

5.1 Our aim through our neighbourhood planning approach is to increase customer engagement in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.

5.2 The allocation of the discretionary elements of the budget i.e. beyond compliance and safety work, has been informed by customer feedback in recent years, such as that gathered through local events, from customer satisfaction surveys, rent consultation feedback and the input of locality housing directors and frontline housing teams, reflecting the views coming from customers in local communities.

5.3 Over the next five years, we propose to go further, through our 'Stronger Voices, Stronger Communities' framework. This framework:

- Gives customers greater control of their home by choosing how and where investment is delivered,
- Will use both online and offline approaches to make it easier for customers to engage and to share their priorities; and
- Will adopt new technologies once fully developed such as a community voice app to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.

Stronger Voices Investment Programme

5.4 Our investment plan supports our 'Stronger Voices' framework and neighbourhood planning. It will deliver £5m over the next five years of customer priority improvements in their area – these will be identified by our communities through our neighbourhood planning approach. This budget will be used to deliver specific local priorities over and above existing planned investment commitments. This programme is in addition to over £64m already allocated to deliver current customer priority core investment work programmes such as new windows, upgraded heating, new kitchens, common area improvements and environmental improvements.

6. Environmental and sustainability implications

6.1 The Scottish Government have set ambitious targets to be net-zero. We plan to deliver £50m of energy efficiency improvements, focused on priorities raised by customers, over the life of the five-year plan, focused on investment which also responds to priorities raised by tenants.

6.2 The investment plan will help to support the ambition set out in our sustainability framework to replace heating systems that rely on natural gas and other fossil fuels with zero-carbon alternatives. We will review options including new emerging technologies as part of assessing the implications of the proposed SHNZS.

6.3 In preparation for the SHNZS reporting we are continuing to develop a property-by-property assessment of current energy performance characteristics to determine the exact requirements for each dwelling.

6.4 Year 1 (2024/25) investment work has an anticipated carbon reduction value of 1,162 tonnes CO2, which contributes towards the overall group annual target of 6,000 tonnes CO2 resulting from a range of activities including investment in our homes. This analysis shows the following anticipated CO2 reduction impact across core programme investment activities in Year 1 (2024/25). Improvements such as electric heating upgrades, windows and EWI also provide an uplift to the property EPC score, which helps towards compliance with EESSH2.

Element of Programme	CO_2 reduction in tonnes	EPC score improvement
Gas Heating	1092	+ 0 points
Electric Heating	25	+ 9 points
EWI	15	+ 10 points
Windows	30	+ 3 points

7. Digital transformation alignment

7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to an office to view investment plans and make choices. While we currently still use our bank of local hubs to deliver a face-to-face personal service, we will look to adopt more interactive and convenient methods for the customer once developed to inform investment in their homes. An example of this would be tools that make kitchen design and colour choices a digital experience.

7.2 We have phased out whitemail customer satisfaction surveys with individual investment project satisfaction surveys now carried out either by text or telephone. The My Voice platform will enhance this further allowing us to gather more insightful information on the service experience.

8. Financial and value for money implications

8.1 The investment programme will deliver value for money in several ways including:

- **Meeting customer aspirations** - Our investment plan supports the delivery of customer investment aspirations with our locality planning process and Stronger Voices approach helping to inform the development and content of our investment programmes.
- **Quality of life** - Our investment plans help to improve our customers' quality of life and tackle fuel poverty through the provision of warm and affordable homes, which meet SHQS and improve energy efficiency. Our investment planning also recognises the importance that a good quality environment can have on the desirability of our communities and on quality of life, with significant funds committed to deliver improvements in these areas.
- **Environmental maintenance** - Our approach to the delivery of environmental improvements, designed with input from our NETS service, will help to build capacity by reducing the maintenance burden on this service, enabling resources to be focussed on other key service priorities.
- **Factored homeowners** - Our five-year plan demonstrates a commitment to seeking innovative solutions to assist factored homeowners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock.
- **Joint Venture with City Building (Glasgow)** – our relationship facilitates a more efficient approach to investment planning and delivery, maximising our buying power with suppliers to drive value for money and deliver wider community benefits and apprenticeships; and
- **Asset sustainability** - By continuing to deliver investment in our existing assets we ensure the long-term sustainability of our assets, helping to drive down the frequency of response repairs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

8.2 The core investment programme of £117.2m is contained within the overall £304.2m five-year capital investment expenditure which includes voids, capitalised major repairs, adaptations and staff to deliver the programme as set out in the 2024/25 financial projections. All amounts include irrecoverable Vat where appropriate.

9. Legal, regulatory and charitable implications

9.1 There are no specific implications arising from the creation of the investment plan.

10. Risk Appetite and assessment

10.1 Our risk appetite for investing in existing homes and environments 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". The proposals in this report reflect that risk appetite.

11. Equalities implications

11.1 Our aspiration is for our homes to meet the long-term needs of our customers, enabling them to remain in their home and to live as independently as possible. Our approach to medical adaptations enables customers to self-refer for minor adaptations such as handrails and lever handle taps. Major adaptations such as level access showers and structural alterations are also funded through the capital programme subject to a referral from an Occupational Therapist.

11.2 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.

11.3 Our communications strategy takes account of the broad cultural mix of our customer base with the ability to tailor correspondence to a range of different languages.

12. Key issues and conclusions

12.1 Our core investment programme will deliver £117.2m of planned improvements in our property portfolio over the next five years.

12.2 The continuing focus of our programme is on delivering improvements that contribute the greatest value to our tenants and neighbourhoods, with 61% of our core programme geared towards known customer priority investment.

12.3 Customers will continue to shape our investment plan and we will continue to support customer-led investment through our neighbourhood plans and our £5m Stronger Voices programme.

12.4 Safety remains a key priority for us with over £10m earmarked for property compliance and fire safety related works over the next five years.

12.5 Our investment programme will support the objectives of our sustainability framework, specifically around reducing carbon emissions and improving the fabric energy efficiency of our homes. We will continue to explore external funding opportunities such as from Scottish government and ECO to bolster our existing programme and further support the delivery of our sustainability ambitions. Our plans will remain agile to react to the outcome of the consultation on SHNZS.

12.6 We recognise the negative impact that mould and dampness can have on the health & wellbeing of our customers. Our investment plan makes provision for proactive investment interventions designed to improve indoor air quality and mitigate the occurrence of mould within our homes.

13. Recommendations

13.1 The Board is asked to approve our five-year capital investment plan 2024-2029.

LIST OF APPENDICES:

Appendix 1: Wheatley Homes Glasgow Five-Year Investment Plan 2024-29

PROPOSED WHG PROGRAMME (INC VAT) - Original						
	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
WorkGroup	£'000	£'000	£'000	£'000	£'000	£'000
Gas Heating	2730	3134	3226	3251	3400	15741
Net Zero/Low Carbon Heating (ASHP, District Heating etc)	0	0	1300	1370	1360	4030
Electric Heating Renewals	160	460	1637	2380	3900	8537
Low-rise Fabric	1230	870	270	270	270	2910
Pre-1919 Tenements (Major Fabric Repair)	399	360	360	360	360	1839
Kitchen	1630	2328	2884	3000	3000	12842
Bathroom	300	611	636	650	675	2872
Rewire	950	1328	1860	2400	2520	9058
Windows & Doors	150	1280	4823	4783	4800	15836
Environmental	1500	1860	1000	800	0	5160
Common Work	0	0	500	500	500	1500
Mechanical & Electrical	500	1000	1000	1000	1000	4500
High-rise Fabric	1826	400	760	500	500	3986
EESSH/Archetype Specific Energy Measures	200	140	220	395	500	1455
Lift Replacements	960	1660	720	1195	1140	5675
Fire Safety	830	480	480	480	480	2750
Stronger Voices	1000	1000	1000	1000	1000	5000
Central Contracts (Non JV)	50	50	50	50	50	250
District Heating Component Replacements (Non JV)	150	93	80	600	1500	2423
Capital Contingency	0	0	500	500	500	1500
Minibems District Heating Control Management	1479	1375	0	0	0	2854
Core Programme Total	16044	18429	23306	25484	27455	110718
Emergency Lighting Installations	1542	1020	0	0	0	2562
Smoke/Heat Detector Installs	142	170	470	720	1220	2722
TMV Taps	150	150	150	150	150	750
Solar PV's - Replacement Inverters	217	223	0	0	0	440
Core Programme & Capital Compliance Total (inc VAT)	18095	19992	23926	26354	28825	117192

Over the next five years **£117.19m** will be invested in our homes and communities. Output projections for some of the **key** investment work streams **over the next five years** are shown below:

Heating

The Central Heating programme has a total value across the five years of **£28.3m**. The programme consists of £15.7m for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. New boilers being installed are hydrogen ready, meaning that they will accept up to a 20% blend of hydrogen should this be introduced into the gas network in the future.

An additional allowance of £4m has been planned from year 3 of the programme to accommodate a change in approach if the transition to hydrogen doesn't proceed. This may include alternative low and zero-carbon alternatives such as Air Source Heat Pumps or Microwave heating where technically feasible and cost effective.

The plan also includes for the commencement of lifecycle replacement of older storage heating systems, present predominantly within our MSF portfolio. This programme will commence in year 3 of the plan.

In addition, we will continue to offer our innovative approach to improving the efficiency of electric storage heating through the Connected Response solution. Grant funding from SHNZ has enabled us to accelerate the delivery phase for this programme, with around 8,000 customers expected to have benefitted by the end of 23/24 financial year.

This approach involves the retrofitting of technology to existing heating systems to provide the customer with greater control of when they heat their home, whilst also saving them money on their energy tariffs. There are further benefits to the organisation in terms of cyclical replacement costs, asset intelligence and potential revenue from services to the national grid.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of External Wall Insulation (EWI) and roof replacement works. The bulk of our fabric improvement programme has now been completed however we have made provision of **£2.9m** over the next 5 years to deliver planned improvements to pre-stock transfer improved stock at Downcraig Drive in Castlemilk and an annual allowance for ad hoc requests.

Pre-1919 Tenements

Our five-year plan includes **£1.9m** for our contribution towards the refurbishment of our pre-1919 tenement stock within the city centre. The programme will support the delivery of sandstone and roof repairs in mixed tenure blocks in the Saltmarket and High Street localities, helping to protect the long-term future of these historic and culturally important buildings.

The high level of private ownership within these assets has proven to be a significant blockage to delivering this much needed investment. The MyRepairs Investment Team successfully attained grant funding support from Glasgow City Council and Glasgow Heritage Trust in 2022/23 and 2023/24 to support the first two phases of major works in the High Street and we continue to work with the council to access financial support for future phases of the programme.

Kitchen, Bathroom and Rewire (KBR)

We plan to invest almost **£25m** in new kitchens, bathrooms and rewiring over the next 5 years. £12.7m will be allocated to delivering ad hoc, reactive KBR installations in properties that become void for relet where we have previously been refused access to complete this investment through our planned programmes. Our rewiring programme is informed via our periodic electrical inspection regime, with unsatisfactory inspections requiring re-wiring upgrades delivered via the investment programme.

A further £6.4m will be allocated to lifecycle replacement kitchens, which is a high investment priority which delivers value for customers. Finally, we will invest £4.4m in new efficient and effective mechanical extractor fans benefitting up to 5000 tenants over the next 5 years. The programme phasing will be informed using data intelligence to identify trends from our repairs service which will help to identify mould/damp problematic house types and/or tenancies.

Windows and Doors

We plan to spend **£15.8m** on window replacements over the next 5 years, benefitting over 2,000 tenants. The programme will include ad hoc reactive installations where we have previous been refused access or new acquisitions in addition to planned lifecycle replacements across the city. The 5-year plan will include new windows at Sandyhills and Gorget MSFs as well as in low-rise properties in communities in Castlemilk, Mosspark and Milton.

Environmental

We will invest almost **£5.2m** in improving the environment within our communities over the next 5 years. The primary focus of the programme over the next 5 years will be on delivering the environmental masterplan within the Wyndford estate, helping to compliment the wider regeneration plans within this area.

Mechanical and Electrical

We will invest **£4.5m** via our Mechanical and Electrical (M&E) programme, which will see the replacement of Mechanical and Electrical infrastructure, predominantly within our Multi-storey stock. The 5-year plan will include for the replacement of vital service components such as communal fans, water tanks, pumps, and CCTV.

High-rise Fabric

Our High-rise fabric programme will involve over **£4m** of investment over the life of the plan. In 2024/25 we will replace the problematic roof at 33 Dougrie Place to alleviate current water penetration problems. 2024/25 will also see the lifecycle replacement of the existing external wall insulation system at Crathie Court in Partick. We will also invest £1m improving the balconies of several high-rise blocks in the Wyndford estate as part of the ex-Cube ballot promise to customers. We will also invest £1.4m to maintain the existing external wall insulation on our high-rise blocks to ensure they continue to look appealing and are free from disrepair.

EESSH2

Whilst we await the outcome of the Scottish Government's review of the current EESSH2 standard, we have allowed funding to facilitate the delivery of innovative pilots, which may contribute towards the delivery of our net zero ambitions. This will include the installation of SolShare Solar PV technology on the roofs of flatted developments, helping customers residing in tenements to benefit from solar power generation.

Lift Replacements

Almost **£5.67m** will be invested in new efficient and reliable lifts within MSF stock across the city. 2024/25 will see the commencement of the 2nd phase of replacements at Kingsway Court. We also plan to install new lifts at Acre Drive, 140-160 Charles Street, Crow Road, Kennishead, and Kirkton Avenue over the next 5 years.

Fire Safety

£2.75m has been allocated over the five-year plan to fund enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs. The programme will also facilitate the delivery of improvements recommended from our FRAs and any reactive investment requirements in the event of major fires.

District Heating Component Replacements

£2.1m has been allocated to facilitate the lifecycle replacements of critical system components for our existing district heating system in the Wyndford estate.

District Heating Control Management System

£2.87m has been allocated over years 1&2 of our programme to continue with the delivery of a new control management system encompassing 1,741 homes that are connected to a district heating network and which are managed in-house. The programme will be delivered over two phases. Phase 1 will encompass 815 homes connected to Biomass networks at Broomhill, Gorget and Collina. Phase 2 will include 526 HIU sites at Hinshelwood, Lincoln Avenue, Kelvindale, Westfield Avenue, Lasswade Road, Dalry Road and 400 Heat with Rent properties at Laurel Street, Acre Road/Drive and other addresses across the city.

Capital Contingency

£1.5m has been allocated over the 5-year programme to fund ad hoc unplanned investment works that may arise over the course of each year. This allowance will facilitate the delivery of this work without impacting on existing planned investment priorities.

Capital Compliance

£6.5m of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations. This programme will encompass a range of activities including the upgrade of emergency lighting in our high-rise flats by 2025/26, LD2 smoke and heat detector lifecycle replacements across all stock types and the installation of new Thermostatic Mixer Taps.

Wheatley Homes
Glasgow

Report

To: **Wheatley Homes Glasgow Board**

By: **Aisling Mylrea, Director of Wheatley Homes Glasgow**

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

Subject: **Local Lettings Plan**

Date of Meeting: **09 February 2024**

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1. Purpose

1.1 The purpose of this report is to seek approval for the adoption of a Local Lettings Plan and consider the key objectives of this initiative ahead of the development and allocation of over 300 new build properties as part of the Wyndford regeneration project.

2. Authorising and strategic context

2.1 Under the Group Standing Orders and our Terms of Reference, we are responsible for agreeing, and the ongoing compliance with, our Housing Information Advice and Letting Policy.

2.2 The £73 million regeneration of Wyndford, including the delivery of over 300 new homes, is a key strategic priority for us, aiming to deliver on strategic outcomes within the themes of 'Delivering Exceptional Customer Experience' and 'Changing Lives and Communities' as part of our Your Home, Your Community, Your Future Strategy 2021- 2026.

3. Background

3.1 In December 2021, we announced plans to invest £73 million in our Wyndford community. Following subsequent tenant consultation, in February 2022 the Board agreed this major regeneration project, including the demolition of four outdated multi-storey blocks which will be replaced with over 300 new homes, as well as other major improvements in the community.

3.2 The vast majority, 85%, of the new homes in Wyndford will be for social rent with 15% allocated for MMR.

3.3 The regeneration of Wyndford reflects our commitment, and that of partners, to investing and regenerating our communities, enhancing housing options for our customers and improving our customers' quality of life by providing affordable, sustainable and desirable housing. It also delivers on key customer commitments made as part of the Cube transfer.

3.4 The masterplan for Wyndford is due for completion early this year and new build development will immediately follow demolition and clearance of the site in late 2025. Although new build allocation is some time away, it is important to set out the key principles and objectives of a Local Lettings Plan for the new development.

3.5 The Scottish Government's social housing allocation guidance outlines that organisations can adjust their main allocations policy in order to address the local housing needs of the communities they serve. Local Lettings Plans can be used to address these local needs and are more commonly used in the first allocation of new build developments.

3.6 Our Housing Information, Advice and Letting Policy framework enables us to implement Local Lettings Plans to reflect circumstances in communities where there is a localised housing need. This will allow us the flexibility to ensure we make the best use of housing stock.

3.7 This report outlines the commitments made to our Wyndford tenants during the previous consultation and recognises these as part of a proposed Local Letting Plan. Additionally, this report outlines the key principles of a Wyndford Local Lettings Plan and priorities based on the local housing needs of the community.

3.8 The proposed key principles of a Local Lettings Plan for Wyndford will be reviewed to ensure that they continue to meet the needs of the community upon the completion and allocation of the new homes, which is expected to be in late 2027.

4. Discussion

Wyndford Regeneration consultation commitment

4.1 In December 2021, as part of a consultation with tenants of Wyndford, we committed that: “Those tenants who wish to remain in Wyndford will be able to move to another home within the community. Those who wish to return to Wyndford after the redevelopment is completed will be given priority for one of the new homes that will be built.”

4.2 The proposed Wyndford Local Lettings Plan seeks to address this commitment by prioritising those previously displaced as part of the rehousing programme, allowing those tenants to return to Wyndford should they wish.

Current local housing need

4.3 In addition to the above commitment, and following engagement with residents and stakeholders, we have an opportunity to address the currently unmet local housing need in Wyndford using a Local Lettings Plan.

4.4 Data from our MyHousing applications shows that the most prevalent causes of housing need in Wyndford are overcrowding and a lack of accessible homes.

4.5 The majority of MyHousing applications in Wyndford indicate a need for 3- and 4-bedroom properties. There is also a recognised need for accessible homes for those with mobility issues.

4.6 Similar housing need is reflected across those living in Northwest Glasgow where our MyHousing data indicates a high need for larger homes and accessible homes.

4.7 The proposed Local Lettings Plan aims to consider and address the local housing needs of residents and encourages families to settle in Wyndford and avoid having to leave the community to find a suitable home that meets their needs.

Priority Structure for New Social Rented Homes (Appendix 1)

4.8 It is proposed that the Local Lettings Plan prioritise the allocation of new build social rent homes in Wyndford in the following order:

Priority 1 - Those tenants who were displaced from Wyndford during the housing clearance who wish to return to Wyndford.

Priority 2 - Wheatley Homes Glasgow tenants living in Wyndford assessed as having an unmet housing need.

Priority 3 - Wheatley Homes Glasgow tenants outwith Wyndford with an assessed housing need

Priority 4 - Homeless and waiting list applicants with a local connection to Wyndford

Priority 5 – Existing Allocations Policy

4.9 This proposal prioritises those affected by clearance, the needs of the local community, as well as giving reasonable preference to those experiencing homelessness.

Priority Structure for new Mid-Market Homes (Appendix 2)

4.10 [redacted]

Monitoring and review

4.11 The proposed Local Lettings Plan for Wyndford will be reviewed regularly on an operational and strategic basis to ensure the aims of the initiative are being met and to assess its ongoing implementation.

5. Customer engagement

5.1 Since our initial consultation in 2021 we have been engaging regularly with tenants and the wider community about the plans for regeneration, with plenty of opportunities for everyone to get involved.

5.2 This engagement has included regular workshops with our Wyndford Future Focus Group (“WFFG”), who from the very beginning have voiced the importance of addressing local housing needs.

5.3 The WFFG, made up of around 25 of our tenants, recognises that our current housing stock in Wyndford is not suitable for larger households. 95% of homes in Wyndford are 2-bedroom or smaller, meaning growing families often have to move away to find a suitably sized home.

5.4 Additionally, in 2022, we commissioned an independent research programme to understand the key satisfaction drivers of families. Engagement with almost 1,100 customers group-wide, including families living in Wyndford, highlighted a need for families to access larger properties as they grow.

5.5 As well as our WFFG, we have undertaken a series of thematic community surveys, giving further insight into the needs and opportunities for Wyndford Regeneration. The valuable feedback gained from residents as part of this engagement has been shared on our dedicated Wyndford page on our website. Key feedback from residents has reiterated the need for larger family homes, as well as accessible homes for the community.

5.6 The need for a Local Lettings Plan for Wyndford is clear, with over 90% of respondents to a recent community survey noting that the new homes should address the rehousing needs of local residents, a principle echoed by local elected members during our regular update briefings with them.

5.7 Further engagement with Wyndford residents and stakeholders will take place prior to any Local Letting Plan being implemented, and the Local Lettings Plan will be publicised, providing an open and transparent framework for applicants.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 Our Group allocations service My Housing is our only fully digital customer service where customers will be able to apply for rehousing and register their interest in the new homes available. The MyHousing platform allows customers to self-serve at a time and place that suits them, including updating their application and noting interest in properties.

7.2. We acknowledge that some of our customers may experience barriers in accessing online services and will also continue to offer face-to-face support through our Housing Officers and telephone support through our Customer First centre for those customers who need it.

8. Financial and value for money implications

8.1 There are no financial and value for money implications arising from this report.

9. Legal, regulatory and charitable implications

9.1 The Housing (Scotland) Act 2014 Act amended section 20 of the Housing (Scotland) Act 1987 Act and sets out three categories of applicants who should be given reasonable preference in an allocation policy. These are:

- people who are homeless or threatened with homelessness and have unmet housing needs;
- people who are living in unsatisfactory housing conditions and have unmet housing needs; and
- tenants of a social landlord who are under-occupied (not using all of the bedrooms in the property they live in)

9.2 Scottish Government social housing allocation guidance also outlines that some organisations adjust their main allocations policy in order to address the local housing needs of the communities in which they serve.

9.3 It is therefore accepted by the Scottish Government that a Registered Social Landlord may adopt a Local Lettings initiative separate from that of the main allocations policy for different letting areas.

10. Risk Appetite and assessment

10.1 The risk appetite in respect of delivering exceptional customer experience is 'open'. The Local Lettings Plan for Wyndford aims to provide an open and transparent framework which retains sufficient synergy to our existing Group Housing Advice Information and Lettings Policy, whilst setting out any variation to this policy to ensure we deliver on prior commitments and address the local unmet housing needs of the Wyndford community.

10.2 Prioritising new properties in the first instance to those who may have been displaced during clearance and to local Wyndford tenants with an unmet housing need may impact on our ability to meet our strategic commitments to other groups with housing needs including homelessness.

10.3 This risk is mitigated by the inclusion of these other groups, including those homeless applicants, as our next priority tier, and expect that due to the size and scale of the development we will be able to allocate a number of homes to homeless applicants – both new build and properties which become vacant due to existing tenants moving to more suitable homes.

10.4 Any impacts of a Local Letting Plan for Wyndford will be closely monitored by our Letting and Homelessness Team.

11. Equalities implications

11.1 Equalities Impact Assessments are carried out to assess and manage the impact of all our Group Allocation activities and have been implemented within our existing Housing Advice Information and Lettings Policy.

11.2 A specific Equalities Impact Assessment will be carried out prior to the adoption of a Local Lettings Plan for Wyndford. This assessment will review any impact a Local Lettings Plan will have against the protected characteristics identified in equality legislation and any requirements addressed to ensure equality of access and opportunity.

12. Key issues and conclusions

12.1 Our Wyndford Regeneration Project includes the delivery of over 300 affordable homes for the community with development due to start late 2025. The majority of homes will be for social rent, with 15% of the new homes reserved for mid-market rent by Lowther.

12.2 Our Group Advice, Information and Letting Policy Framework, developed in line with relevant legislation, gives us flexibility to tailor their letting and advice services to local needs and arrangements and sets out provisions for Local Lettings Plans to be used to address these localised needs.

12.3 Due to the large number of properties let over a short period of time Local Lettings Plans are most commonly adopted in new build developments to promote community cohesion and sustainment. Given the size and scale of the new build program proposed for Wyndford, alongside commitments made at the consultation stage, it is recommended that a Local Lettings Plan is adopted when allocating the new build properties.

12.4 The Local Letting Plan will give priority to those who have left Wyndford as part of clearance from our four 26-storey flats being demolished and give those affected an opportunity to return to the area.

12.5 Our Local Lettings Plan aims to ensure local people benefit from the new build homes, giving priority to Wyndford residents who have an unmet housing need. Priority will also be given to homeless applications who have a local connection to the area – family/support in Wyndford or employed in the local area.

12.6 Once priority has been given to the above groups, the new homes will be let in line with our existing Housing Advice Information and Lettings Policy. The proposed Wyndford Local Letting Plan will be adopted for the first let of the new build properties only and not applicable to future relets.

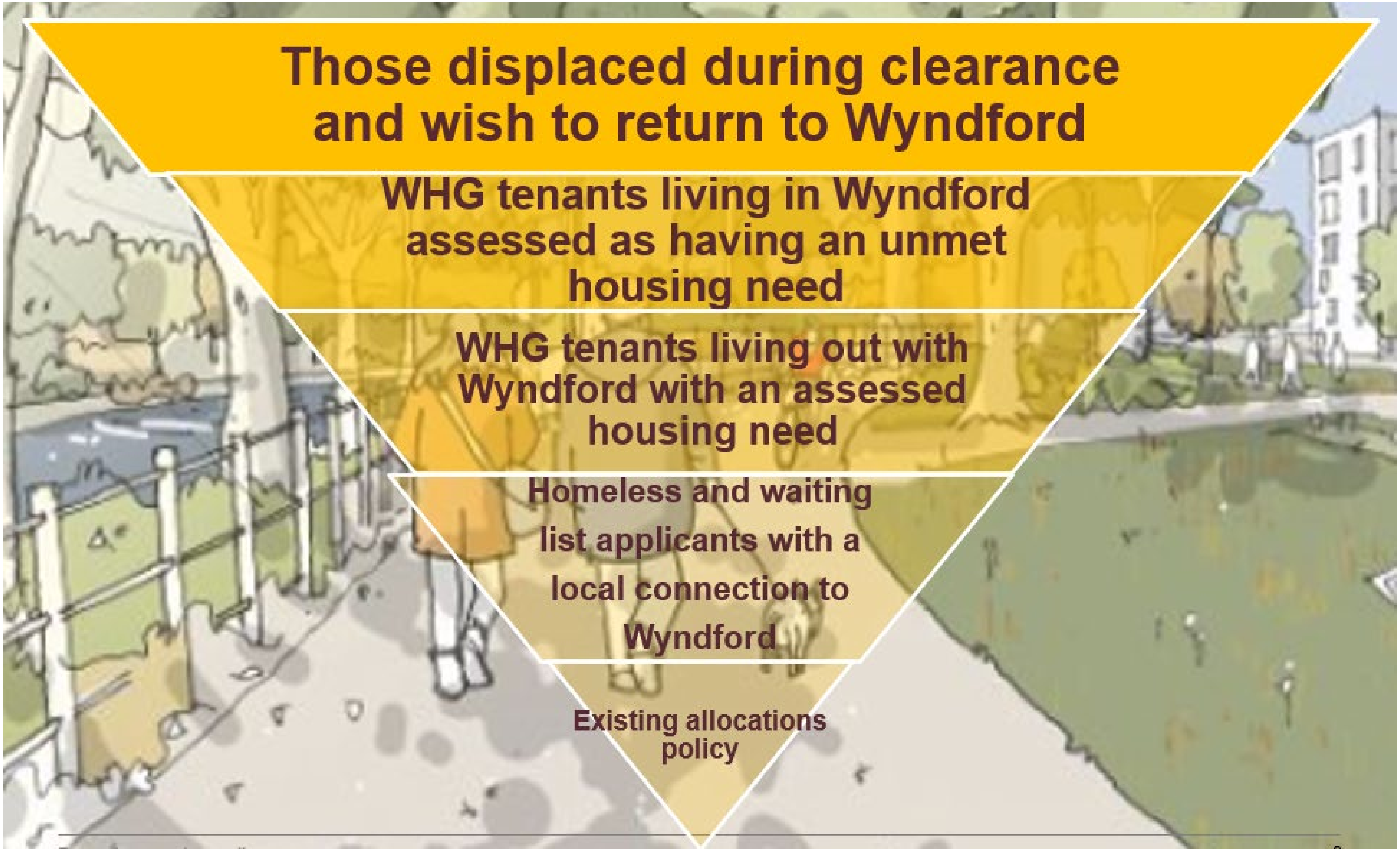
13. Recommendations

13.1 The Board is asked to consider and approve the key principles and adoption of a Local Lettings Plan for Wyndford new build.

LIST OF APPENDICES:

Appendix 1: Priority structure for new Social Rented Homes
Appendix 2: [redacted]

Appendix 1– *Priority Structure for New Social Rented Homes*



Wheatley Homes Glasgow

Report

To: **Wheatley Homes Glasgow Board**

By: **Aisling Mylrea, Director of Wheatley Homes Glasgow**

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

Subject: **North-East Strategic Neighbourhood Plan**

Date of Meeting: **9 February 2024**

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1. Purpose

1.1 The purpose of this report is to provide the Board with a Strategic Neighbourhood Plan ("Neighbourhood Plan") for the North-East of Glasgow, focusing on the neighbourhoods of Milton, Cranhill, Sighthill and Barmulloch/Red Road.

2. Authorising and strategic context

2.1 Under our Terms of Reference we are responsible for approving our strategy and monitoring our performance. Our refreshed approach to neighbourhood seeks to enable positive change within Glasgow's communities, build resilience through our neighbourhood plans and build and invest in affordable and sustainable homes. This aligns with our strategic themes, 'Changing Lives and Communities' and 'Making the most of our Homes and Assets'.

3. Background

3.1 At the end of 2022, we conducted research into what impacts how a customer feels about the place in which they live via pulse surveys, focus groups and local engagement events. Customer insight from this research indicates that the primary factors impacting how a customer feels about the place in which they live are:

- Experience of the environment - how clean and tidy is the area;
- Experience of Anti-Social Behaviour - is there crime in the area; and
- Ease of access to people and services in the place in which they live e.g. adequate transport links, shops etc.

3.2 In early 2023, we engaged and co-designed a vision for our neighbourhoods with our customers:

'Wheatley Homes Glasgow's vision for neighbourhood is one where our customers feel safe and secure and live in desirable and peaceful communities. Where customers live in a place that is clean and tidy and environmentally friendly. A place where our customers have access to people and services and where our customers are empowered to make decisions about services within their communities.'

3.3 Our vision for neighbourhoods was approved by the Board in March 2023 and the neighbourhood of Barmulloch/Red Road agreed as the pilot area to test this new approach.

3.4 Across the summer of 2023, we carried out a neighbourhood assessment and engaged with customers to understand the positive attributes of living in Barmulloch/Red Road and customer priorities for improvements.

3.5 The neighbourhood assessment evaluates the following factors:

Factor	Measure
Environment	Keep Scotland Beautiful data
Anti-Social Behaviour	Peaceful score data
Place	Place standard tool to engage customers in the neighbourhood
Assets	Asset appraisal data
Desirability	Stock turnover and Notes of Interest on advertised two-bedroom properties on My Housing.

3.6 An update on this pilot was presented in September 2023 with an outline of the key priorities for Barmulloch and an emerging strategic plan for the North-East of Glasgow.

3.7 In September of 2023, the Board requested a North-East Glasgow Strategic Neighbourhood Plan, which has been prepared and is attached at Appendix 1. This focuses on the neighbourhoods of Milton, Cranhill, Sighthill and Barmulloch/Red Road. These neighbourhoods have been chosen due to their proximity to derelict land, opportunities for regeneration and linkages with strategic development partners such as Transforming Communities Glasgow.

4. Discussion

4.1 The Neighbourhood Plan provides an overview of the North-East of Glasgow, the outputs from the neighbourhood assessment and a summary of customer insight derived from engaging with the communities in Milton, Cranhill, Sighthill and Barmulloch/Red Road. Alongside the Neighbourhood Plan is a set of strategic actions (Appendix 2) that will be delivered by neighbourhood teams in the North-East of Glasgow in driving towards improved outcomes for our customers in their experience of the environment, anti-social behaviour and access to people and services.

Strategic Priorities

4.2 The neighbourhood assessments for the North-East neighbourhoods and outputs from customer engagement have drawn out key strategic priorities across the North-East of Glasgow. These are discussed below.

Neighbourhood Regeneration

4.3 Neighbourhood regeneration is a consistent priority for our customers residing in the North-East of Glasgow. Over the past few decades, the area has been impacted by a lack of affordable housing, increasing amounts of derelict land, a reduction in statutory services and the impact of the cost of living. Through the neighbourhood workshops, customers repeatedly voiced their desire to create thriving, connected and sustainable communities.

4.4 Assessment of key neighbourhoods demonstrates the need for affordable housing and regeneration of priority neighbourhoods in the North-East.

4.5 We are represented on the Transforming Communities Glasgow Board and the Regeneration Area groups for Sighthill and Red Road. We also work closely with the Liveable Neighbourhoods programme at Glasgow City Council to support the delivery of 20-minute neighbourhoods. We are working with the Thriving Places programme at Glasgow Health and Social Care Partnership to promote better health outcomes for customers in the North-East.

4.6 The key strategic actions outlined in the Neighbourhood Plan highlight the delivery of 600 new homes, energy efficiency improvements to over 1,000 properties and the transformation of retail spaces within these communities.

Develop larger family homes

4.7 Assessment of housing need across the North-East of Glasgow indicates a need for larger family homes. In particular, 3 and 4-bedroom properties are in high demand. Customer insight gleaned from neighbourhood workshops in Cranhill, Milton and Barmulloch echoes the demand for larger homes found in our data.

4.8 In our updated strategy 2021- 26, a commitment was made to develop more family housing that takes into account local needs. We also recognise that Glasgow City Council have raised a need for larger homes for homeless families, to support in addressing the current housing emergency in Glasgow.

4.9 The Neighbourhood Plan outlines the actions in relation to this priority including the commitment to delivering 600 new homes in the North-East with a focus on larger family housing. For example, in Milton, the significant majority of new homes built will be 3 + beds with over 10% of the proposed development consisting of 6 and 7-person houses.

Transport Connectivity

4.10 Customers in the North-East of Glasgow have indicated a key priority for improving their neighbourhoods is to improve transport connectivity including public transport provision and active travel routes.

4.11 Historically the area has not had many train routes and is dependent on bus provision which has scaled back in recent years. Good transport links support customers in travelling to employment opportunities, education, health provision etc.

4.12 The Neighbourhood Plan outlines some key actions including a review of community transport provision and working with Glasgow City Council's Liveable Neighbourhoods programme on improving active travel routes.

Access to usable Green Space

4.13 Feedback from neighbourhood assessments and customer engagement is that there is availability of lots of green space in the North-East of Glasgow. However, it is often not viewed as safe or usable.

4.14 The Neighbourhood Plan outlines the key actions in supporting the delivery of usable green space including working with the Liveable Neighbourhoods programme and our Greener Communities Officer to transform active travel routes in Cranhill and Milton. We will work with the Green Action Trust on mini-impact projects in Barmulloch, utilising some of the derelict land. Actions in Sighthill will look at what has been delivered in the TRA to date and how we can encourage further utilisation of usable green space.

Access to employment opportunities

4.15 A further priority for customers in our North-East neighbourhoods is access to employment opportunities. Deprivation rates in the North-East of Glasgow are significantly high with many of the areas we operate in being the top 5% of most deprived communities in Scotland according to the Scottish Index of Multiple Deprivation.

4.16 Access to employment opportunities is viewed by customers as critical to alleviating this. The Neighbourhood Plan indicates some key actions via optimisation of Foundation programmes like Wheatley Works and providing access to training opportunities.

4.17 **Measuring Success**

The Neighbourhood Plan will run for 4 years and have annual reviews with a full review at the end of the 4 years. We will measure the success of the Neighbourhood Plan at the end of the 4 years by reviewing the following:

- Environmental score- one star improvement in Keep Scotland Beautiful scoring for each site in the identified neighbourhoods;
- Peaceful score- all identified neighbourhoods over a 70% peaceful score;
- Asset appraisal- achieve 90% customer satisfaction with quality of home; and
- Place standard Scoring- 10% improvement in place standard scoring including a 'sense of' rating on pride, identity and belonging in the community.

4.18 We will also review overall customer satisfaction in the North-East of Glasgow and customer satisfaction with contribution to the management of the neighbourhood and track these as we aim to achieve 90% overall customer satisfaction by 2026.

5. Customer engagement

5.1 Customer engagement is integral to the approach to neighbourhoods. Through the neighbourhood assessment process customers are involved in being Keep Scotland Beautiful auditors and active participants in the Place Standard workshops.

5.2 Customers also take part in the co-design of the Neighbourhood Plan through priority building workshops. Customers will have opportunities throughout the lifetime of a Neighbourhood Plan to engage in both smaller and larger projects. We will also keep the wider community up to date through local newsletters.

6. Environmental and sustainability implications

6.1 There are no direct environmental and sustainability implications arising from this report. However, the neighbourhood approach and the delivery teams should consider the financial sustainability of any local improvement projects. For example, when delivering recreational projects, there needs to be consideration for long term maintenance of assets and/or green spaces: how will these be maintained and by whom, as well as the financial cost of maintenance and replacement.

7. Digital transformation alignment

7.1 We will use a variety of digital channels to carry out engagement with customers including online surveys and questionnaires. Digital methods will be used to engage customers in the neighbourhood approach.

8. Financial and value for money implications

8.1 The activities set out in this report will be delivered from within existing partner organisation budget allocations and reflect what customers value within their neighbourhoods.

8.2 The Neighbourhood Plan will also be used to inform investment priorities.

9. Legal, regulatory and charitable implications

9.1 There are no legal implications or charitable implications arising from this Report.

10. Risk Appetite and assessment

10.1 The risk appetite in respect of the strategic themes, *Making the Most of our Homes and Assets* and *Changing Lives and Communities* ranges from “open” to “hungry” in relation to operational delivery. Our ambitious approach outlined within this report is consistent with those appetites.

11. Equalities implications

11.1 Equality, Diversity and Inclusion (“EDI”) is a key consideration throughout our customer engagement approach to ensure our methods are diverse and inclusive, allowing customers from a range of backgrounds to be involved and provide their perspectives.

11.2 From the engagement undertaken, EDI themes have been evident in terms of the need for larger homes for families - reflective of our MyHousing EDI data which consistently has a higher percentage of applicants who are currently pregnant/taken maternity/paternity leave in the previous year compared to our customer equality data - and for households with accessibility needs, for example in Cranhill. We will continue to consider EDI implications during the implementation of our Neighbourhood Plan.

12. Key issues and conclusions

12.1 Our neighbourhood planning approach directly responds to customer feedback about how they feel about the place they live and to the vision for neighbourhoods that we co-designed with our customers.

12.2 We have made effective use of our data and the outputs of our engagement to identify the key priority areas affecting our customers in the North-East, with a particular focus on regeneration, developing larger family homes, transport connectivity, access to usable green space, and access to employment opportunities.

13. Recommendations

13.1 The Board is asked to approve the North-East Strategic Neighbourhood Plan.

LIST OF APPENDICES:

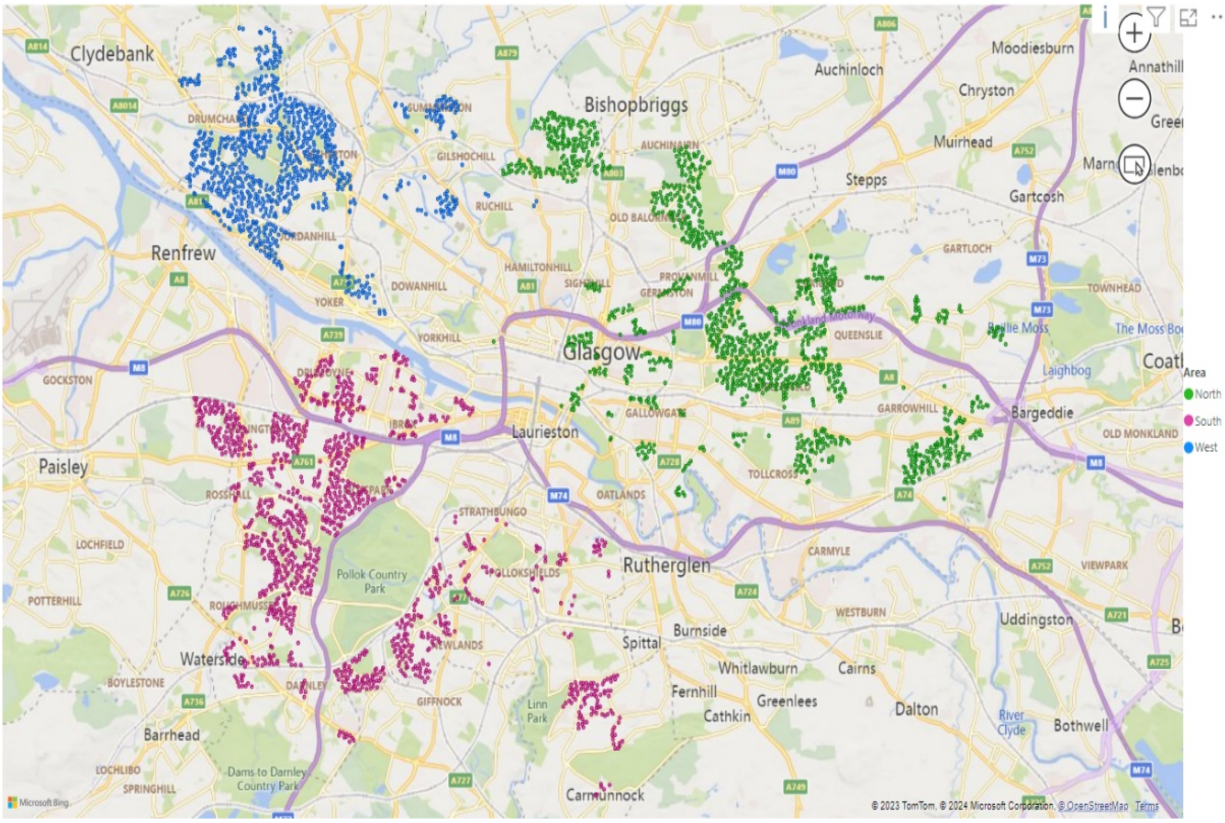
Appendix 1: North-East Glasgow Strategic Neighbourhood Plan
Appendix 2: North-East Glasgow Neighbourhood Action list

North-East Strategic Neighbourhood Plan

We will provide this policy on request at no cost, in large print, in Braille, on tape or in another non-written format.

Better homes, better lives

1. Overview of the North-East of Glasgow



We have around 17,000 properties in the North-East of Glasgow, stretching from Milton in the North to Baillieston in the East. We deliver services to customers in four localities in the North- East of Glasgow with neighbourhood teams providing housing services, environmental services, repairs, and community engagement. Within this plan, we are focusing on four key neighbourhoods: Milton, Cranhill, Sighthill and Barmulloch/Red Road. We have prioritised these neighbourhoods due to their proximity to derelict land, the opportunities to regenerate the area and the strong partnerships already in place via the Transforming Communities Glasgow (TCG) programme for the Transformational Regeneration Areas (TRA) in Sighthill and Red Road and the asset challenge presented by the multi-storey flats in Milton and Cranhill.

Many of the neighbourhoods in the North-East of Glasgow were built in the post-war 1950s and 1960s and did not include the provision of essential amenities like shops, leisure facilities, train routes and more. Unfortunately, today, many of these issues still exist and locals face lower levels of access to transport and amenities than those in other parts of Glasgow.

It is also important to note that the North-East of Glasgow has some of the highest levels of deprivation in Scotland, with many of our communities being in the top 5% of most deprived communities in Scotland (*SIMD, 2020*). Communities in the North-East have a far higher percentage of people living within 500 meters of derelict land at 78% in Cranhill, 91% in Barmulloch and 96% in Milton.

The Scottish Government's land use data, finds proximity to derelict land increases with deprivation in urban areas (The Scottish Government, *Scottish vacant and Derelict Land Survey 2021* 2022).

Assessing our priority neighbourhoods in the North-East as part of the development of the strategic neighbourhood plan has demonstrated the passionate and tight-knit communities in the North-East of Glasgow with enthusiastic residents who care deeply about the place in which they live.

2. Customer insight from the North-East

Engaging with and listening to Wheatley Homes Glasgow (WHG) customers in the North-East of Glasgow has provided insight into the positive attributes of their neighbourhoods and the areas they would like to see improved. Through our integrated neighbourhood assessment model, we have assessed each of the priority neighbourhoods, via the following methods:

- Keep Scotland Beautiful assessment
- Peaceful score that looks at crime in an area
- Asset appraisal review
- Place standard tool
- Desirability scoring that looks at housing demand and stock turnover

We have also actively engaged customers in these neighbourhoods to understand their priorities.

Milton

The neighbourhood team in Milton has conducted a neighbourhood assessment alongside workshops with customers which have highlighted neighbourhood strengths as well as issues that residents are keen to work with WHG and partners to address:

- Environmental: fly tipping and waste management, land drainage issues, lack of support to maintain private garden areas and a lack of usable green space.
- Anti-Social Behaviour (ASB): police data suggests low levels of ASB in Milton, however, we acknowledge that this can often be under reported.
- Asset appraisal: investment required in the form of new windows in both Liddesdale Road and Ensay Road stock. Multi-Storey Flats (MSFs) need cladding updated, poor external aesthetics.
- Place: lack of local shops, community facilities under-utilised, lack of facilities for young people and non-existent public transport.

- Desirability: Milton has a low stock turnover (4.9%) against a city-wide average of 7.19%. Notes of interest on larger properties are very high.

In terms of regeneration of the area, the proposed new build development in Milton consists of 54 units at Stornoway Street and 97 units at Vallay Street. These developments adjoin and complement a community hub/nursery being created by Glasgow City Council.

Cranhill

The neighbourhood team in Cranhill has conducted a neighbourhood assessment alongside workshops and a priority building session with customers.

Both the data and engagement with customers has highlighted that at a local level, there are neighbourhood issues that residents are keen to work with WHG and partners to address:

- Environmental: issues with fly tipping and waste management around tenemental stock and derelict land sites.
- Anti-Social Behaviour (ASB): issues with poorly lit areas contributing to ASB in the area.
- Asset appraisal: tenemental stock requiring door and window upgrades and internal and external paint works. Improvements required to the cladding on the MSFs and gas heating in the MSFs is failing.
- Place: underutilised open spaces, lack of play parks, poor public transport performance, run-down shop units, lack of cycle lane infrastructure
- Desirability: low stock turnover (7%) and high levels of housing need for larger families and households with accessibility needs.

We are working in partnership with colleagues at Glasgow City Council (GCC) to undertake analysis of vacant land in Cranhill to understand constraints including land ownership, contamination, historic biodiversity (water voles) and mineworking. Due diligence is required across vacant sites to determine the viability of sites for future development projects. GCC has a desire to diversify the tenure in areas like Cranhill through the introduction of private housing. Work is ongoing with GCC to determine a site allocation between private and affordable housing.

Sighthill

Sighthill is a £250 million TRA that is creating a new neighbourhood on the north side of the city centre. We have delivered 114 new social rented homes and 86 new mid-market homes to date in Sighthill, and 112 further homes are planned. The WHG neighbourhood team in Sighthill has been engaging with customers to understand their priorities.

Both the data and engagement with customers has highlighted that at a local level, there are neighbourhood issues that residents are keen to work with us through the TRA local delivery group:

- Environment: positive feedback on grounds maintenance and management in the area, some lack of bin storage
- Anti-Social Behaviour: lack of street lighting impacting feelings of safety within the neighbourhood.
- Asset appraisal: little investment required due to new build stock and low average repairs costs. Issue with timber window frames letting in water, with lots of tenants having theirs replaced.
- Place: lack of local infrastructure including no local shops, no close bus routes, parking charges, limited green space and lack of play parks. There is a community hub but it is not being utilised.
- Desirability: stock turnover is low (2.7%) against a city-wide average of 7.19%. Few properties have become available for relet due to being a new build site.

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Barmulloch/Red Road

The neighbourhood approach for Barmulloch/Red Road was agreed in principle by WHG Board in September 2023. Customers in Barmulloch highlighted the following:

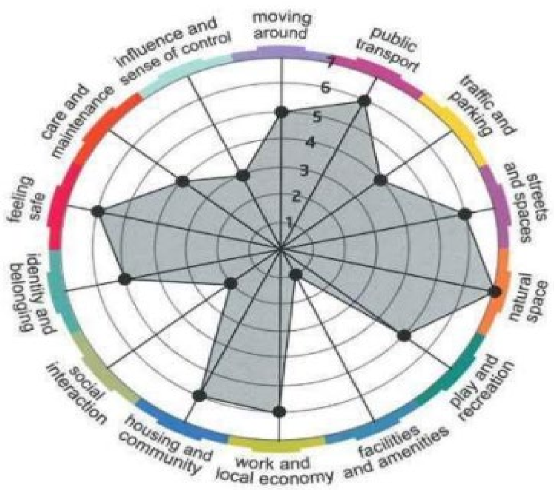
- Environment: issues of fly tipping and locations of bin stores.
- Anti-Social Behaviour: problems with youth disorder and a lack of local activities for young people.
- Asset appraisal: investment required in the South tenemental stock including upgrades to the closes.
- Place: lack of public transport, lack of usable and safe green space.
- Desirability: stock turnover is low (4.19%) against a city-wide average of 7.19%. A huge demand for larger family accommodation.

Since September 2023, the neighbourhood team has been working with customers and local partners to deliver progress actions within the plan. Investment works are underway on the South tenemental stock, GCC Neighbourhood Services team have been engaged to build a solution to tackle the fly tipping and Community Improvement Partnership colleagues are assisting with the deployment of Crimestoppers in the area.

Red Road is a TRA with ambition to progress the new build site. Within Barmulloch 157 new social rent homes were constructed in 2015. Through the production of development proposals for the main site at Red Road contamination constraints were identified. Further analysis through invasive site investigation will take place in 2024. A consultancy team led by Page and Park architects are leading on developing a site remediation strategy. In parallel, work with potential funding partners is underway to secure a funding package to deliver the remediation strategy.

3. The emerging strategic priorities

The neighbourhood assessments for the North-East neighbourhoods and outputs from customer engagement have drawn out key strategic priorities across the North-East of Glasgow.



Neighbourhood Regeneration

Neighbourhood regeneration is a consistent priority of our customers residing in the North-East of Glasgow. Over the past few decades, the area has been impacted by a lack of affordable housing, increasing amounts of derelict land, reduction in statutory services and the impact of the cost of living. Through the neighbourhood workshops, customers repeatedly voiced their desire to create thriving, connected and sustainable communities.

Assessment of key neighbourhoods demonstrates the need for affordable housing and regeneration of priority neighbourhoods in the North-East.

WHG is part of the TRA for Sighthill and Red Road. We also work closely with the Liveable Neighbourhoods programme at GCC to support delivery of 20-minute neighbourhoods. We are working with the Thriving Places programme at Glasgow Health and Social Care partnership to promote better health outcomes for customers in the North-East.

The key strategic actions for us are outlined in the plan in Appendix 2 and highlight the delivery of 600 new homes in the North-East, energy efficiency improvements to over 1000 properties and the transformation of retail spaces within these communities.

Develop Larger family homes

Assessment of housing need across the North-East of Glasgow indicates a need for larger family homes. In particular, 3 and 4-bedroom properties are in high demand.

Customer insight gleaned from neighbourhood workshops in Cranhill, Milton and Barmulloch echoes the demand for larger homes found in our data.

In the WHG strategy 2021- 26, a commitment was made to develop more family housing that takes into account local needs.

We also recognise that GCC have raised a need for larger homes for homeless families, in order to support in addressing the current housing emergency in Glasgow. The WHG North-East strategic neighbourhood plan outlines the actions in relation to this priority (Appendix 2) including the commitment to delivering 600 new homes in the

North-East with a focus on larger family housing. For example, in Milton the significant majority of new homes built will be 3 + beds with over 10% of the proposed development consisting of 6 and 7 person houses.

Transport Connectivity

Customers in the North-East of Glasgow have indicated a key priority for improving their neighbourhoods is to improve transport connectivity including bus provision and active travel routes.

Historically the North-East of Glasgow has not had many train routes and so the area is dependent on bus provision which has scaled back in recent years. Good transport links support customers in travelling to employment opportunities, education, health provision etc.

The North-East strategic neighbourhood plan outlines some key actions including a review of community transport provision, exploring improvements through transport partners and working with GCC's liveable neighbourhoods programme on improving active travel routes.

Access to usable Green Space

Feedback from neighbourhood assessments and customer engagement is that there is availability of lots of green space in the North-East of Glasgow. However, it is often not viewed as safe or usable.

The North- East strategic neighbourhood plan (Appendix 2) outlines the key actions in supporting the delivery of usable green space including working with Liveable Neighbourhoods programme and Wheatley's Greener Communities Officer to transform active travel routes in Cranhill and Milton. We will work with the Green Action Trust on mini-impact projects in Barmulloch, utilising some of the derelict land. Actions in Sighthill will look at what has been delivered within the TRA to date and how we can support further utilisation of usable green space.

Access to employment opportunities

A further priority for customers in our North-East neighbourhoods is access to employment opportunities. Deprivation rates in the North-East of Glasgow are significantly high with many of our areas in the top 5% of most deprived communities in Scotland according to the Scottish Index of Multiple Deprivation.

Access to employment opportunities is viewed by customers as key to alleviating this. The North-East strategic neighbourhood plan indicates some key actions via optimisation of Foundation programmes like Wheatley Works and supporting customers into training opportunities.

4. Delivery and review

Delivering on these strategic priorities for the North-East of Glasgow will require collaborative action led by local neighbourhood delivery teams, supported by Group and working closely with partners.

We have developed a delivery plan with key actions and measures which is attached at Appendix 2 to this plan. Progress will be reported to the WHG Board on an annual basis.

5. Measuring Success

The North-East plan will run for 4 years and have annual reviews with a full review at the end of the 4 years.

We will measure the success of the North-East strategic neighbourhood plan at the end of the 4 years by reviewing the following:

- Environmental score- one star improvement in Keep Scotland Beautiful scoring for each site in the identified neighbourhoods.
- Peaceful score- all identified neighbourhoods at least a 70% peaceful score.
- Asset appraisal- achieve 90% customer satisfaction with quality of home
- Place Standard Scoring- 10% improvement in place standard scoring including sense of rating on sense of pride, identity and belonging in the community.

We will also review overall customer satisfaction in the North-East of Glasgow and customer satisfaction with contribution to the management of neighbourhood:

Measure	Target	Year ending
Overall Customer Satisfaction (87.6% as of 2023)	88%	2024
	89%	2025
	90%	2026
Customer Satisfaction with contribution to management of neighbourhood (91.6% as of 2023)	90%	2024
	90%	2025
	90%	2026
Customer Satisfaction with quality of home (89.6% as of 2023)	89.8%	2024
	90%	2025
	90%	2026

Neighbourhood Regeneration

Action	Measure	Year
Create the North-East new build vision, with capacity for over 600 new homes and building over 200 new homes in the next 5 years.	Create North-East new build vision	1
Explore options through Transforming Communities Glasgow for Red Road, considering wider options for the Red Road site.	Progress report on Red Road	1
Deliver energy efficiency improvements to 400 tenement properties in Cranhill (windows).	400 properties completed	1
Enact Interim amenity provision in Sighthill including a community larder and use of other community facilities.	Deliver larder service	1
Transform the Wheatley Homes Glasgow owned shop fronts in Cranhill.	Before and after customer survey	1
Assess the efficiency of timber window frames at Sighthill.	Stock condition report	1
Develop an asset strategy for the North-East of Glasgow with a view to proposing improvements to the Cranhill and Milton Multi-Storey Flats including energy efficiency improvements and a heating solution for Cranhill.	Asset Strategy	1
Scope the potential of developing a "Wheatley Standard" which incorporates the visual appeal of a neighbourhood – carrying out exterior improvements to tenemental blocks in Cranhill to assess impact including customer satisfaction and associated costs.	Options and cost report	1
Deliver energy efficiency improvements to 380 properties in Milton (window and door replacements).	380 properties completed	2
Transform the Wheatley Homes Glasgow owned shop fronts in Milton.	Before and after customer survey	2
Influence delivery of lighting improvements over the Cranhill Bridge and through the Multi-Storey Flats to increase safety and usable active travel routes via partnership work with Glasgow City Council.	Customer before and after survey	3

Larger Homes

Action	Measure	Year
Deliver 30 + acquisitions of larger family homes in the North-East of Glasgow to support rehousing of homeless households.	30 acquisitions completed	1
Start on Site (2026) on 157 new homes for Milton with the majority being 3-bedroom properties and over 10% for 6/7 person households. Completion by 2028.	On-site by 2026	4
Start on Site (2024) on 112 affordable homes for Sighthill with additional amenity provision to support the community. Completion by (2026/27)	On-site by 2024	4
Reduce the amount of derelict land in the NE by c.25 hectares	Reduce derelict land by c.25 hectares	4

Green Space		
Action	Measure	Year
Explore options to support private garden maintenance and thereby improve the visual appeal of our communities. Develop options for the service and charging models.	Options report	1
Explore and influence the improvement of waste management and fly tipping via the Glasgow City Council Neighbourhood Regeneration and Sustainability services group.	Progress report	2
Explore opportunities for play and recreation within the North-East neighbourhoods	Options report	2
Partner with Green Action Trust to deliver usable green space in Milton and Barmulloch, focussing on the Milton Community Centre green and Barmulloch play spaces	2 projects delivered	2
Influence delivery of Cranhill allotments and gardens space in partnership with Glasgow City Council Liveable Neighbourhoods programme	Provide 10+ allotment spaces	3
Re-vitalise the green space around Cranhill Multi-Storey Flats by influencing and working with Glasgow City Council Liveable neighbourhoods programme, creating usable and connected well-being spaces.	Delivery of green space project	3
Transport		
Action	Measure	Year
Explore options opportunities for transport in the North-East of Glasgow through community transport and Transport Scotland.	Options report	1
Access to Employment Opportunities		
Action	Measure	Year
Deliver Wheatley Works targeted campaign in the North-East neighbourhoods.	Deliver 200 employment and training opportunities	2

Wheatley Homes Glasgow

Report

To: Wheatley Homes Glasgow Board

By: Aisling Mylrea, Director of Wheatley Homes Glasgow

Approved by: Steven Henderson, Group Chief Executive

Subject: Performance Report

Date of Meeting: 09 February 2024

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1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2023/24 to the end of Quarter 3.

2. Authorising and strategic context

2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets.

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF").

2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2023. Our Board subsequently agreed its specific performance measures and targets at its meeting on 19 May 2023.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2023/24. Unless specified otherwise, results for all measures are based on year-to-date figures.

3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2023/24.

3.3 This report also now includes the new Customer First Centre ("CFC") measure based on customer satisfaction with calls. The CFC Customer Satisfaction ("CSAT") score asks customers to score the CFC on a 1-5 scale.

3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 2 continue to report legacy properties as “WHG A” and former Cube properties that transferred in April 2021 as “WHG B”. The main body of the report uses combined “WHG C” figures.

4. Discussion

4.1 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in Appendix 1 and strategic projects are found in Appendix 2.

Delivering Exceptional Customer Experience

<u>Customer First Centre</u>

4.2 The CFC is now firmly established as a core part of our operating model, with the key measure for the CFC recognised as the CSAT score.

4.3 The new cloud-based telephone system ‘STORM’ successfully completed its launch across the CFC in November. As we develop reporting, this will enable us to better understand customer demand and the key areas for improvement. We are already actively exploring how we can harness the potential of the system now that we have completed the first phase of implementation.

4.4 Year-to-date results as of the end of quarter 3 including CSAT, Webchat and other performance measures still monitored are presented in Table 1:

Table 1

Measure	2023/24		
	Value YTD	Target	Status
WHG - CSAT score (customer satisfaction)	4.3	4.5	
WHG - % calls answered <30 seconds (Grade of Service)	68.35%	Contextual	N/A
WHG - Average waiting time (seconds)	60.40	Contextual	N/A
WHG - Call abandonment rate	5.32%	5%	
Group - % first contact resolution at CFC (Customer Service Advisors)	85.94%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	7.01%	<10%	
Group - Email % responded to within 48 hours	100%	100%	
Group - Webchat % first contact resolution	100%	Contextual	N/A

4.5 Our overall CFC CSAT score was 4.3 at the end of quarter 3, the same as the score at the end of quarter 2. The CFC has been refining the framework for analysing feedback and implementing initiatives to address any areas that may require improvement, informing progress towards the CSAT target of 4.5/5.

4.6 In quarter 3, there has been an improvement in performance for Grade of Service; YTD now means almost 69% of our customers still wait less than 30 seconds to have their call answered. Call abandonment and average wait time have both improved since quarter 2. YTD all abandonment rate has improved from 5.81% and is now 5.32%, just above the 5% target, with quarter 3 at 4.41%. YTD average wait time improved from 66.53 seconds to 60.40 seconds, with quarter 3 being 49.11 seconds.

4.7 The CFC aim is to provide quality solutions for our customers, negating the need for them to call again or for enquiries to have to be dealt with elsewhere. We are mindful that a balance has to be struck between our ability to provide a first contact resolution through an appropriate length of call and the time customers are waiting for their call to be answered.

4.8 Over 85% resolution was achieved at first contact for the year to date, with performance at over 86% for December. The My Repairs Team continue to deal with more complex repairs calls and, while this means advisors do not resolve these at first contact, customers experience an improved end-to-end service. In addition, the CFC continue to support Housing and Lowther staff with only 7.01% of customer interactions passed to them for resolution.

4.9 CFC performance is monitored and reviewed daily by the resource planning and operations leads. Key areas of focus remain on ensuring our call handling times balance resolution and efficiency and increasing the amount of 'call handling' hours available.

Complaints Handling

4.10 The Charter and Scottish Public Services Ombudsman ("SPSO") measures below consist of WHG tenants and Lowther factored owners. Our average response time was within target for both stage 1 and stage 2 complaints. Year to date performance in 23/24 shows a significant improvement in average days compared to performance in 2022/23. This has been achieved despite an increase in the volume of complaints. This increase in volume is consistent across our RSLs and consistent with information from the SPSO across all sectors.

Table 2

Charter - average time for a full response to complaints (working days)				
	2022/23		2023/24 – YTD	
	Stage 1 (5 day)	**Stage 2** (20 day)	**Stage 1** (5 day)	**Stage 2** (20 day)
WHG	4.23	18.24	4.07	16.24

4.11 The SPSO measure at Table 3 below, shows the percentage of complaints responded to within timescale. For stage 1, our performance is now at 91.32% against the target of 95%. Performance in quarter 3 was above target for the first time this year at 96.75%. Further performance at this level in quarter 4 will bring us close to the target.

4.12 In total 97.4% of stage 2 complaints have been dealt with in timescale through the year, with performance of over 98% in quarter 3. This represents 11 complaints which have missed timescale in the year; 2 of these in quarter 3 (one for a WHG tenant and one for a Lowther owner). As shown in Table 3, the SPSO requires that the measure is split between complaints that went directly to stage 2 and those that had a stage 1 response first. There are a relatively small number of complaints that are dealt with immediately at stage 2 and this means the percentage is affected more significantly by small numbers. Over the year 3 out of 32 direct stage 2 complaints have missed target. None of these were in quarter 3.

4.13 Our operational YTD indicator for WHG, which shows performance excluding Lowther owners, is at 91.1% for stage 1 and 97.08% for stage 2 responses.

Table 3

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales – YTD 2023/24			
Subsidiary	**Stage 1 - responded to within 5 working days**	**Stage 2 - responded to within 20 working days**	**Escalated complaints - responded to within 20 working days**
WHG	91.32%	90.63%	97.95%

4.14 A range of work has been done to ensure that timescale performance is improved. This includes earlier reminder triggers and quicker resolution timescales for Stage 2 complaints along with weekly touchdowns at staff meetings to highlight complaints. We also have regular meetings to discuss any complex cases and daily checks are undertaken on all incoming and outstanding stage-one complaints. Additional training on written and verbal communication is being piloted in February with a view to full roll out in March and April. This will support Housing Officers, CFC staff and others responding to stage 1 complaints to ensure these are comprehensive and empathetic with the aim of reducing the need for customers to raise stage 2 complaints.

Tenancy Sustainment

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

4.16 We continue to support our new customers to sustain their tenancies and to deliver strong performance in both the Scottish Housing Regulator's Charter measure and our revised indicator, the revised measure excludes deaths and transfers to other homes in the Group.

4.17 We have again improved sustainment for both indicators in the third quarter, both measures are exceeding target and our Charter YTD result is now better than the revised target.

Table 4

Tenancy Sustainment	Charter YTD	2023/24 Target	Revised YTD	2023/24 Target
WHG	91.74%	90%	93.21%	91%

Making the Most of Our Homes and Assets

New Build Programme

4.18 [redacted]

4.19 [redacted]

Volume of Emergency Repairs

4.20 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. The target for 2023/24 is a reduction of 3.34%.

4.21 Emergency repair numbers are 3,686 less than the same point in 2022/23, a variance of -7.06%. This is above target and an improvement on -4.94% in Q2.

Table 5

Completed emergency repairs	YTD 22/23	YTD 23/24	Variance
WHG	52,246	48,560	-7.06%

4.22 While customer demand continues to have an impact on this measure, work is ongoing with the CFC to ensure emergency repairs are diagnosed appropriately. It is useful to also note that complete emergency repairs YTD 2023/24 are 30.77% of all our completed repairs (emergency and non-emergency). This is an improvement on 36.06% at the same point last year.

Repairs Timescales

4.23 Our average time taken for emergency repairs is 2.59 hours at the end of Q3, well within the 3-hour target. This is a slight increase on 2.37 hours in Q2 and compares favourably to our average of 3.36 hours in 2022/23 and is better than the Scottish average of 4.2 hours.

4.24 The below table also shows the average time taken for non-emergency repairs at 8.01 days, above this year's target of 7 days. This is an improvement on 8.31 days in Q2 and better than our 2022/23 average of 8.88 days.

4.25 A more detailed update on repairs performance, continuous improvement actions we are taking and the impact we expect them to have are set out in more detail in a separate paper.

Repairs Right First Time

4.26 Right first-time performance to the end of Q3 is meeting the 90% target at 92.07%; an improvement on the position reported last quarter (91.72%); an improvement on last year (91.47%); and remains better than the Scottish average of 87.8% in 2022/23.

Repairs Satisfaction

4.27 To the end of December, we are on target for repairs satisfaction at 92.1%. This is an improvement from the 2022/23 year-end figure of 89.76% and 91.19% reported last quarter. This measure is based on 4,327 survey responses in the 12 months to the end of December. Our repairs service enhancements (being considered as part of a separate agenda item) will help us to further improve satisfaction and we will continue to actively monitor satisfaction our repairs satisfaction.

Table 6

Repairs Satisfaction	Current value	2023/24 Target	
WHG	92.10%	90%	

Rate It

4.28 'Book It, Track It, Rate It' aims to improve visibility and communication during the repair journey. The Rate It element was launched in June, providing an opportunity for customer feedback on repair appointments.

4.29 Year to date following launch, the Rate It score for is 4.5/5 (from 15,471 responses, representing 21.2% of the feedback links generated to all customers with contact information).

Responsive repairs: Damp and mould

4.30 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC is now raising every job related to damp, mould, condensation or rot as a mould inspection line. At the last week end we had 118 live cases as follows:

Table 7

Inspection pending	Category		
	3 (mild)	2 (moderate)	1 (severe)
85	28	5	0

4.31 Our strategic measure is to complete mould repairs in 15 days. We have completed 98.25% of mould repairs in 15 working days year to date, against a target of 90%.

Medical Adaptations

4.32 Time to complete medical adaptations remains well within the 25-day target year to date, with the average days to complete at 17.8 compared to 23.5 for the same quarter last year. We have completed 1,055 adaptations, an increase on the 296 from the previous quarter, and currently have 68 households waiting.

Table 11

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
WHG	68	1,055	17.80	25

Gas Safety

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

Compliance

4.34 We have made good progress; all of our 230 relevant properties are compliant with Legionella assessment requirements. At the end of Q3 we had carried out safety inspections on all but 1 domestic lift where access to the customer's house is required.

4.35 At the end of Q3, we have reduced to 68 the number of properties without a valid EICR from 96 at the end of 2022/23. In addition, we are making excellent progress with the inspection of the EICRs due to expire before 31st March 2024 with 89.64% complete.

Changing Lives and Communities

Peaceful Neighbourhoods

4.36 Our strategic measure is for over 70% of our customers to live in neighbourhoods categorised as peaceful by the end of the strategy period. Peaceful communities are defined as communities where a customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators in the associated data zone are improving.

4.37 As highlighted last quarter, the data from Police Scotland for the "Peaceful Communities" measure was recalibrated, due to the changes in the way Police Scotland produces data on antisocial behaviour incidents.

4.38 Using the updated methodology, the number of tenancies categorised as Peaceful increased slightly this quarter from 75.98% to 76.38% at the end of Q3. The in-month result also increased slightly from 73.63% in November to 73.67% in December. We also continue to perform better than the target of 69%.

4.39 Consideration will be given to the strategic target in light of the new Police Scotland methodology and resultant positive change to current performance during the 2024/25 measure and target review.

Accidental Dwelling Fires

4.40 We set a Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 152 ADFs in 2020/21. We achieved this target in Year 1 of the strategy with 121 ADFs in 2021/22. This was further reduced to 113 in 2022/23. This year we have had 75 accidental dwelling fires to the end of quarter three, compared to 95 for the same period last year.

Table 12

Number of recorded accidental dwelling fires	2023/24 YTD	2022/23
WHG	75	113

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

Table 13

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

Reducing Homelessness

4.42 We have provided 1,185 homes to homeless households this year to date. Our % of relevant lets made to homeless applicants in the first nine months is 58.23% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants). We continue to work closely with GCC to maximise our contribution to reducing homelessness.

Table 14

RSL	2023/24 Number of lets to homeless applicants (ARC) - YTD	2022/23 Number of lets to homeless applicants (ARC) – full year
WHG	1,185	1,318

Jobs and Opportunities

4.43 400 children within our households have now been supported through Foundation programmes so far this financial year. The WEE Bursary project for Glasgow has now commenced and this will help increase the number of our children involved in our programmes.

4.44 Year to date, the Wheatley Works staff have supported 249 jobs, training and apprenticeship opportunities within our households. Staff continue to work together, and with partners, to increase referrals to the Wheatley Works service. This includes:

- Planning local community events for Q4 which will promote the jobs, training and apprenticeship services available to our customers.

- Housing and the Foundation teams working more collaboratively. Plans for this include the Foundation Team attending local offices and staff meetings, house visits with housing officers and working with Stronger Voices Officers to help reach more of our customers.

Table 15

Indicator	Target (YTD)	Current Performance (YTD)	2022/23
WHG - Number of vulnerable children benefiting from targeted Foundation programmes	527	400	798
WHG - Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge	325	249	298

Developing our Shared Capability

Sickness Absence

4.45 We are currently outperforming the 3% sickness target at 2.29% year to date. This is slightly higher than the position at the end of Q2 (2.07%).

Table 16

Sickness Rate	Target	2023/24 YTD	2022/23
WHG	3%	2.29%	2.74%

4.46 The main reason for absence across Q3 was Stress/Anxiety – accounting for 32% in October, 59% in November and 53% in December. Analysis of Stress/Anxiety cases for Q3 shows that Stress (Work Related) accounted for 36% of these during that period. Ongoing support to help staff with a range of issues continues to be provided for example via referral to our Employee Assistance Programme and use of Individual Stress Risk Assessments. In addition, the Academy offer a number of e-learning modules to support staff.

4.47 We have continued to support managers with staff members across the group experiencing stress and anxiety by ensuring staff are being offered all available support initiatives such as PAM-Assist and bespoke counselling.

4.48 December also saw the Wellbeing team focus on finalising content and dates for a number of workshops to be rolled out in the first quarter of the calendar year. These include Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.

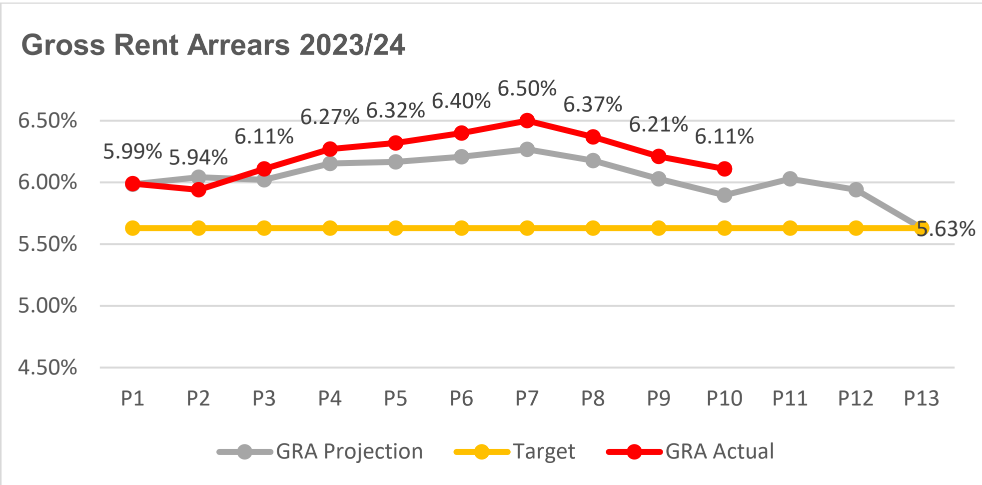
4.49 From January 2024, The Employee Relations team commenced delivery of further "HR Essentials" workshops for new, existing, and newly promoted managers.

Enabling our Ambitions

Gross Rent Arrears (GRA)

4.50 Our current GRA at Q3 of 6.11% is a significant improvement on the 6.5% reported at the end of Q2. While we remain above projection for this point in the year, arrears management remains a priority and we do expect further improvement by the end of this financial year.

Chart 1



4.51 Our staffing teams meet regularly to focus on arrears specifically. The teams all have "protected rent time" where they are together in the local hubs, working on rents and undertaking peer-to-peer work for additional support. Arrears case reviews are being undertaken to identify opportunities for improvement.

4.52 In addition to the Rent Refresh Thinking Yes Together sessions that took place in Q3, a Wheatley Homes Glasgow Income Together session took place in November 2023, highlighting external agencies that can also support our customers with regard to maximising their income and reducing arrears. This was strongly attended by some internal support teams as well as colleagues from the Department for Work and Pensions (DWP) and One Parent Families Scotland.

4.53 To ensure we remain on track to meet our year-end target and in order to continue to drive the necessary performance levels, we have enhanced our income action plan to focus on year-end income, targeting higher arrears patches with visits, utilising CFC and GDRT to make out of hour and weekend calls along with increasing our wrap around support to customers.

4.54 In the past period, there has been a strong focus for Housing Officers on escalation of cases, including a focus on rejected Direct Debits as soon as they are returned. There was a strong drive to support customers who typically don't pay in the lead up to Christmas with these customers all having a visit or contact made to support them which has had a positive outcome with payments to clear arrears and affordable payment plans made.

Average Days to Re-Let (Charter)

4.55 Our average time to re-let has improved further from 15.99 days at the end of Q2 to 15.42 days in the current year-to-date, better than the target of 16 days.

Table 8

Average days to re-let (Charter)	2023/24 YTD		2023/24 Target	2022/23 Results
WHG	15.42		16	20.61

Summary of Strategic Project Delivery

4.56 A full update on progress with strategic projects is attached in Appendix 2. The following table summarises the current status of projects.

Table 9

Complete	On track	Slippage	Overdue
1	3	2	2

4.57 Project completed during Q3:
- *Group wide implementation of Roll out Book it, Track it, Rate it*.

4.58 The following two projects are currently slipping:
- *Repairs technical enhancement programme* - slippage linked to access to vendor resources, which have now been confirmed for April 2024
- *My Voice – real time customer feedback reporting*

4.59 The following projects are currently overdue, with one proposed for reprofiling and the other as a result of an external interdependency:

- *Implement Group sustainability framework* – recently proposed revisions to the required energy efficiency of our properties make it more appropriate to report on progress against our sustainability strategy after the year-end.
- *Interest cover covenant revision* – delayed due to external interdependencies, which were highlighted as a contingency when agreeing to the project.

5. Customer engagement

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

6. Environmental and sustainability implications

6.1 One of our strategic projects for 2023/24 focuses on the implementation of the Group sustainability framework. This includes a refined sustainability performance framework and delivery plan which is overseen by the Wheatley Solutions Board.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2023/24 have been developed and prioritised with IT, digital and data interdependencies a key factor.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting.

9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year, which we have done.

10. Risk appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 We have strong performance against our targets for 2023/24 in several key areas including complaint response timescales, tenancy sustainment, new build – mid-market, emergency repair completion times, repairs completed right first time, repairs satisfaction, adaptation completion timescales, sickness absence and days to re-let. Repairs non-emergency timescales and arrears remain key areas of focus.

13. Recommendations

13.1 The Board is asked to note the contents of this report.

LIST OF APPENDICES:

Appendix 1 – Strategic Results Dashboard
Appendix 2 – Strategic Projects Dashboard

Appendix 1 - WHG Board - Delivery Plan 23/24 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.79	5.31		
Average time for full response to all complaints (working days) - Stage 1	4.23	4.07	5	
Average time for full response to all complaints (working days) - Stage 2	18.24	16.24	20	
% new tenancies sustained for more than a year - overall (ARC)	89.13%	91.74%	90%	
Group - % of first contact resolution at CFC	88.99%	85.94%	90%	
Group - Call abandonment rate	4.72%	5.43%	5%	
Group - % calls answered <30 seconds (Grade of Service)	76.79%	69.17%		
Group - Average waiting time (seconds)	57.64	59.63		
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	7.01%	10%	
WHG – CFC Abandonment Rate	4.12%	5.32%		
WHG – CFC Grade of Service	76.04%	68.35%		
WHG - Average Wait Time (seconds)	52.66	60.4		

2. Making the Most of Our Homes and Assets

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
New build completions - Social Housing	26	0	0	
[redacted]				
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.34% for 2023/24)	Apr-Dec 22/23 52,246	Apr-Dec 23/24 48,560	-7.06%	
Average time taken to complete emergency repairs (hours) – make safe	3.36	2.59	3	
Average time taken to complete non-emergency repairs (working days)	8.88	8.01	7	
% reactive repairs completed right first time	91.45%	92.07%	90%	
Number of gas safety checks not met	0	0	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	89.76%	92.1%	90%	
Average time to complete approved applications for medical adaptations (calendar days)	23.06	17.8	25	
% Planned repair spending	48.36%	42.28%	60%	
% Reactive repair spending	51.64%	57.72%	40%	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental fires in workplace	0	0	0	
Group - Number of open employee liability claims	13	12		
Group - Number of days lost due to work related accidents	464	488.5		
Number of new employee liability claims received	0	0	0	

3. Changing Lives and Communities

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% ASB resolved	100%	95.75%	98%	
% Lets Homeless Applicants - overall (ARC)	50.19%	56.89%		
% Relevant lets to Homeless Applicants	51.88%	58.23%		
Number of lets to homeless applicants	1,318	1,185		
Total number of jobs, training places or apprenticeships created including Wheatley Pledge	298	249	325	
Group - % of our customers live in neighbourhoods categorised as peaceful	68.5%	76.38%	69%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	113	75		

4. Developing Our Shared Capacity

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% Sickness rate	2.74%	2.29%	3%	

5. Enabling Our Ambitions

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% lettable houses that became vacant	6.92%	7.01%	8%	
% court actions initiated which resulted in eviction - overall	27.84%	40.17%		
Average time to re-let properties	20.61	15.42	16	
WHG C - Gross rent arrears (all tenants) as a % of rent due	5.84%	6.11%	5.63%	
WHG A - Gross rent arrears (all tenants) as a % of rent due	5.87%	6.13%		
WHG B - Gross rent arrears (all tenants) as a % of rent due	5.47%	5.79%		

Appendix 2 - WHG Board - Delivery Plan 23/24 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Repairs technical enhancement programme	31-Mar-2024		60%	01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability	30-Sep-2023	Yes	The CBG DRS upgrade has been confirmed for 12th April 2024, with testing support from Group being planned
				02. CBG IT integration – Boxi reporting system implementation	31-Oct-2023	No	
				03. WHS DRS upgrade	31-Oct-2023	Yes	
				04. CBG DRS upgrade	31-Oct-2023	No	
Group wide implementation of Roll out Book it, Track it, Rate it	31-Aug-2023		100%	01. Pilot commencement in Wheatley Homes East	30-Apr-2023	Yes	Complete
				02. Pilot finalised in with City Building delivered repairs	31-May-2023	Yes	
				03. Pilot commencement in Wheatley Homes South	31-May-2023	Yes	
				04. Pilot evaluation, including customer feedback, and agreement to go live - City Building	30-Jun-2023	Yes	
My Voice – real time customer feedback reporting	31-Mar-2024		60%	01. MY Voice CFC pilot concluded	30-Apr-2023	Yes	Key service pillars being onboarded to complete end Feb 2024 with project on track for 31 March.
				02. CFC customer insight operational framework implemented	31-May-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Implementation plan for key service pillars developed and approved by ET	31-May-2023	Yes	
				04. On-board key service pillars to MY Voice customer insight platform	30-Nov-2023	No	
				05. Implement operational frameworks	31-Mar-2024	No	
Migration to new cloud telephony platform	31-Mar-2024		80%	01. Group Board approval of contract award	30-Apr-2023	Yes	The CFC and all specialist teams are now live on Storm. Work Force Management went live in January with reporting expected to be fully operational by the end of February. Work to migrate all Care, Concierge and remote sites under way and due to be complete for 31 March 24.
				02. Vendor Contract Award	31-May-2023	Yes	
				03. Full project delivery plan developed and commenced	31-Jul-2023	Yes	
				04. Phase 1 launch	31-Dec-2023	Yes	
				05. Phase 2 launch	31-Mar-2024	No	
[redacted]							
Implement Group sustainability framework	31-Dec-2023		80%	01. Sustainability delivery workshop with nominated group leads	30-Apr-2023	Yes	Recent proposed revisions to the required energy efficiency of our properties through the social housing net zero standard consultation, make it more appropriate to report on progress against our sustainability strategy after the year end. This
				02. Refine sustainability performance monitoring framework	31-May-2023	Yes	
				03. Develop sustainability delivery plan	30-Jun-2023	Yes	
				04. Quarterly sustainability updates to ET	30-Jun-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				05. Annual sustainability progress report via PNAG to Group Board	31-Dec-2023	No	reporting is now planned for end June 2024.
Develop a new, integrated Neighbourhood Planning Approach	28-Feb-2024		83%	01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit	31-May-2023	Yes	Neighbourhood plan is an agenda item for this meeting.
				02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment	30-Jun-2023	Yes	
				03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG	31-Jul-2023	Yes	
				04. Based on the neighbourhood assessment, propose an example neighbourhood plan	30-Sep-2023	Yes	
				05. Provide worked example to WHG Board to review and agree as a model going forward	30-Sep-2023	Yes	
				06. Draft Neighbourhood approach	28-Feb-2024	No	
[redacted]							

Wheatley Homes Glasgow

Report

To: Wheatley Homes Glasgow Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Governance update

Date of Meeting: 09 February 2024

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1. Purpose

1.1 To update the Board, seeking approval where appropriate, on the following governance-related matters:

- New Board member
- Group Code of Conduct;
- Governing Body Member Expenses and Allowances Policy;
- Board Member CPD Programme; and
- Board Agenda Planner 2024

2. Authorising and strategic context

2.1 Under the Group Standing Orders the approval of any Group policies as well as the Group Code of Conduct is reserved to the Group Board. Our Board is responsible for overseeing the implementation of any such relevant group policies and frameworks.

2.2 Our Board is responsible for overseeing and implementing our recruitment, succession plan and engaging with the continuous professional development programme. This approach ensures that we have Board Members with the skills and experience required to effectively govern our Board and in turn supports us to achieve each of our strategic outcomes.

3. Background

3.1 The Group Board approved an updated Group Code of Conduct and updated Governing Body Member Expenses Policy at its meeting on 20 December 2023.

3.2 The Group RAAG Committee oversees the governance arrangements within our group, including the skills mix of Board members and training requirements. The Group RAAG Committee approved a rolling 3-year CPD programme at its meeting on 20 December 2023. At that meeting, the Group RAAG Committee also considered and ratified the appointment of Allan Clow to our Board.

3.3 The Board receives annual governance reporting as well as updates to each meeting, as required. This report addresses our forward planning for the year (both meeting dates and proposed business).

4. Discussion

New Board member appointment

4.1 At our last meeting the Board considered our succession plan and agreed that we recruit to fill the vacancy we were carrying for an individual with finance and business skills. Since the last meeting we have identified a candidate, Allan Clow. Allan has been interviewed by our Chair and, in the interests of time, his appointment has also been confirmed by the Group RAAG Committee.

4.2 Allan has significant finance and business skills, having most recently served as Managing Director of Bancon Homes Limited and Bancon Construction Limited, construction businesses based in the north-east of Scotland. [redacted]. Given Allan's finance background, particularly within the construction industry, he has also been appointed to fill the Wheatley Developments Scotland Ltd Board vacancy.

Group Code of Conduct for Governing Body Members

4.3 At its meeting in December 2023 the Group Board agreed to adopt an updated Code, on the recommendation of the RAAG Committee. The new Code follows the Scottish Federation of Housing Associations ("SFHA") model and aligns us with the wider sector.

4.4 We have made some minor revisions to the SFHA model to reflect the Group dynamic, for example, that not all subsidiaries are RSLs. The Code will be implemented from 1 April 2024, with recertification taking place annually in August each year (from August 2025).

4.5 A copy of the Code is attached for review at Appendix 2a, together with supplementary guidance at Appendix 2b. The Code also refers to a protocol to be used in the event of a breach. Although we have had no breaches of our Code in recent years, we have taken the opportunity to prepare a breach protocol to provide clarity in the event of any future issues. The protocol (Appendix 2c) is also based on the SFHA model, with amendments that acknowledge the role of our Group RAAG Committee in investigating any alleged breach of the Code.

4.6 Any material feedback from our Board that may give rise to any changes will be taken back to the RAAG Committee for consideration and an onward recommendation to the Group Board.

Governing Body Member Expenses and Allowances Policy

4.7 The Group Board has reviewed the Governing Body Expenses and Allowances Policy (Appendix 3). The Group Board was satisfied that the policy remains fit for purpose and only minor updates were required, for example, to strengthen the wording in relation to our Freedom of Information obligations and update the compensatory payments for loss of earnings to match the living wage.

Board Member CPD Programme

4.8 The Group RAAG Committee has approved a rolling 3-year Board Member CPD programme which is attached at Appendix 4a.

4.9 The current Competency Framework and Continuous Professional Development Programme was developed in partnership with the Institute of Directors and recognises the importance of the skills, knowledge and experience of Board members as significant determinants of the quality and effectiveness of governance.

4.10 The principles and competencies within the Competency Framework remain relevant and there are no material changes proposed to this.

4.11 Our CPD Programme runs over a rolling 3-year period. We have focussed the CPD programme for 2024 on some of the newer and emerging areas, where there is a need for Board members to have the opportunity to further develop and keep their skills and knowledge up to date.

4.12 There are some areas where it is helpful to have refresher training for those who wish to receive it, such as in relation to financial reporting. We have therefore planned a CPD event in the lead-up to considering our annual accounts in August.

4.13 The CPD programme for 2024 is set out in Appendix 4b and will focus on the subject areas set out below. Details about each of the events are provided in the appendix, including a recommendation about which are mandatory. Given the subject matter, in most cases, we have recommended making these mandatory and to support attendance, we have also proposed to either hold them at the time of our Board meetings or offer date or venue options.

4.14 The programme includes:

- Role of a non-Executive (for new and existing Board members who wish a refresher)
- Equality, Diversity and Inclusion (EDI)
- Cyber Security
- Financial reporting (optional)

MyAcademy on-line portal

4.15 We will extend access to our in-house learning portal, MyAcademy, to our Board Members. Board Members will be able to access on-line training courses at their convenience. A number of the courses provided cover matters that may be beneficial for Board members and provide a greater understanding of some of the duties that are placed on us as well as any Group approach to these.

4.16 In addition to the courses referred to above on EDI and Cyber Security, we have courses on social media awareness, data protection and freedom of information. We are also developing training on business ethics and our core legal and regulatory duties.

Governing our Group

4.17 Taking into account the enhanced CPD, we propose to hold two *Governing our Group* events during 2024. The main event would be by way of a conference held in late April, in preparation for our strategy workshops. The event would feature senior figures from the housing and related sectors, including an economic outlook from Fraser of Allander Institute or other similar organisation.

4.18 The above reflects the feedback from our Board members, who felt a 'State of the Nation' style event would be most productive. The date of the event will be confirmed as soon as possible. The second event would be our annual social event, the festive lunch, on 18 December 2024.

2024 Agenda Planner

4.19 Having an annual Board agenda planner enables the Board to have an understanding of and to directly influence Board activity for the year ahead. The annual planner will remain responsive to business need but will be maintained on AdminControl for the Board's visibility. The annual board agenda planner is attached at Appendix 5.

5. Customer engagement

5.1 As internal governance related matters, the content of the report is reserved to the Board. As such, no customer engagement has been appropriate.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 There are no links to the digital transformation programme associated with this report. Our CPD programme has taken consideration of our Digital Transformation Programme, with Cyber Security CPD proposed to be mandatory for all Board members across Group.

8. Financial and value for money implications

8.1 The cost of our CPD programme will be met from our existing budgets. Where possible, we will draw on the CPD offered by suppliers where this is already included as a benefit within our procurement frameworks.

9. Legal, regulatory and charitable implications

9.1 Under the SHR's Standards of Governance Financial Management there is a requirement for "*The governing body... to have the skills and knowledge they need to be effective*".

9.2 The proposals in the report support us to achieve this, by ensuring we have opportunities for our Board members to continually develop the skills and knowledge required to govern our business.

10. Risk appetite and assessment

10.1 There is no single risk appetite covering the matters in this report; however across our related strategic outcomes/risk categories, our risk tolerance for legal/compliance ranges from cautious to averse; reflecting our preference of low inherent risk with limited potential for reward vs avoidance of risk and uncertainty with a priority for tight management controls and oversight.

10.2 The proposals set out in the report seek to support us in addressing risk that could impact effective governance or our compliance with the SHR's Standards of Governance and Financial Management.

11. Equalities implications

11.1 The allowances within the Governing Body Expenses and Allowances Policy such as covering childcare, carers and loss of earnings are designed to be as inclusive as possible. Additionally, the specific allowance for tenant members was introduced to ensure no individual was disadvantaged or out of pocket in undertaking their role.

11.2 EDI has also been a key consideration within our CPD planning.

12. Key issues and conclusions

12.1 Our proposed new Group Code of Conduct is both streamlined and in line with the wider housing sector in Scotland. Any material feedback from our Board that may give rise to any changes to the Conduct will be taken back to the RAAG Committee for consideration and an onward recommendation to the Group Board.

12.2 Our updated expenses policy helps to ensure we have a clear framework for reimbursing Board members.

12.3 Our Competency Framework and Professional Development Programme will help us to ensure we have the skills and knowledge to effectively govern our Group. An additional benefit of the re-introduction of the CPD programme will be the opportunity for Board members to engage with fellow Board members within other subsidiaries in the Group.

12.4 The appointment of Allan Clow addresses a skills gap identified within our succession plan.

13. Recommendations

13.1 The Board is asked to provide feedback on and otherwise note:

1) the appointment of Allan Clow as a Board member;
2) the updated Group Code of Conduct and policies approved by the Group Board;
3) the CPD 2024 programme and 3-year rolling programme; and
4) our 2024 annual agenda planner.

LIST OF APPENDICES:

Appendix 1:	[redacted]
Appendix 2a:	Group Code of Conduct
Appendix 2b:	Group Code of Conduct: Guidance
Appendix 2c:	Group Code of Conduct: Breach Protocol
Appendix 3:	[redacted available here
Appendix 4a:	Competency Framework and CPD Programme
Appendix 4b:	2024 Board Member CPD Programme
Appendix 5:	2024 Board Agenda Planner

Code of Conduct for Governing Body Members

We will provide this code on request at no extra cost translated or in large print, in Braille, on tape on in another non-written format

Approval body	*Wheatley Housing Group Board*
Date of approval	*20 December 2023*
Review Year	*2026*
Customer engagement required	*No*
Trade union engagement required	*No*
Equality Impact Assessment	*No*

Contents

1. Introduction

1.1 We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities.

1.2 This Code of Conduct sets out the requirements and expectations which are attached to your role as a Governing Body member. You have a personal responsibility to uphold the requirements of this Code. You cannot be a member of the Governing Body if you do not agree to adopt this Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign this Code annually.

1.3 As a Group whose Parent is a Registered Social Landlord ("RSL"), we are required to adopt and comply with an appropriate Code of Conduct. This Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations. The Scottish Housing Regulator ("SHR") has confirmed that this Code fully complies with its Regulatory Standards.

1.4 This Code of Conduct is an important part of our governance arrangements. Members of a Governing Body are responsible for ensuring that they are familiar with the terms of this Code and that they always act in accordance with its requirements and expectations. Governing Body Members must always ensure their actions accord with the legal duties and any applicable regulatory guidance.

1.5 If a member of the Governing Body appears to have breached any part of this Code, the matter will be investigated in accordance with the approved Group protocol. A breach of this Code may result in action being taken by the Governing Body to remove the member(s) involved.

2. Who the Code applies to

2.1 This Code of Conduct applies to all elected, appointed and co-opted members of our Group Governing Body, its sub-committees and members of the Governing Bodies of any Wheatley Group subsidiary organisation and/or their sub-committees.

3. How the Code is structured

3.1 The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.[1]

3.2 Each principle is described, as it applies to the activities of a governing body and its Governing Body Members, and supporting guidance is offered for each to provide more explanation of the Code's requirements. The guidance is not exhaustive, and it should be remembered that Governing Body Members are responsible for ensuring that their conduct at all times meets high standards.

[1] Committee for Standards in Public Life 1994, Nolan Principles on Standards in Public Life

4. The Principles

4.1 The seven principles and what they mean for the purposes of this Code are:

- **A. Selflessness**
- **B. Openness**
- **C. Honesty**
- **D. Objectivity**
- **E. Integrity**
- **F. Accountability**
- **G. Leadership**

> **A. Selflessness**
>
> **You must act in the best interests of the organisation you are a governing body member of at all times and must take decisions that support and promote our strategic plan, aims and objectives. Members of the Governing Body should not promote the interests of a particular group or body of opinion to the exclusion of others.**

A.1 I will always uphold and promote the organisation's aims, objectives and values and act to ensure their successful achievement;

A.2 I will exercise the authority that comes with my role as a governing body member responsibly;

A.3 I will accept responsibility for all decisions properly reached by the Board/Committee (or a sub-committee or working group with appropriately delegated responsibility) and support them at all times, even if I did not agree with the decision when it was made;

A.4 I will consider and respect the views of others;

A.5 I will not seek to use my position inappropriately to influence decisions that are the responsibility of staff; and

A.6 I will not seek to use my influence inappropriately or for personal gain or advantage or for the benefit of someone to whom I am closely connected[2] or their business interests.

[2] As defined in the Group Policy on Payments, Benefits, Gifts and Hospitality"

B. Openness

You must be transparent in all of your actions; you must declare and record all relevant personal and business interests and must be able to explain your actions.

B.1 I will use my best endeavours and exercise reasonable skill and care in the conduct of my duties;

B.2 I will avoid any situation that could give rise to suspicion or suggest improper conduct;

B.3 I will declare any personal interest(s) and manage openly and appropriately any conflicts of interest; I will observe the requirements of our Conflicts of Interest Policy. I will keep my entry in the Register of Interests complete, accurate and up to date. I will make an annual statement to confirm my declarations are accurate;

B.4 I will not accept any offers of gifts or hospitality from individuals or organisations which might reasonably create – or be capable of creating – an impression of impropriety or influence or place me under an obligation to these individuals or organisations. I will comply with the Group policy on Payments, Benefits Gifts and Hospitality Policy or equivalent;

B.5 I will ensure that, in carrying out my role as a Governing Body member, I am informed about and take account of the views, needs and demands of tenants and service users;

B.6 I will ensure that the organisation is open about the way in which it conducts its affairs and positive about how it responds to requests for information; and

B.7 I will not prevent people or bodies from being provided with information that they are entitled to receive.

C.	**Honesty** **You must ensure that you always act in the best interests of the organisation and that all activities are transparent and accountable.**

C.1 I will always act honestly and in good faith when undertaking my responsibilities as a Governing Body member;

C.2 I will use my experience, skills, knowledge and judgement effectively to support our activities;

C.3 I will ensure that decisions are always taken and recorded in accordance with our Rules and procedures;

C.4 I will ensure that the organisation has an effective whistleblowing policy and procedures to enable, encourage and support any staff or Governing Body member to report any concerns they have about possible fraud, corruption or other wrongdoing;[3]

C.5 I will report any concerns or suspicions about possible fraud, corruption or other wrongdoing to the appropriate senior person within the organisation in accordance with our whistleblowing policy;

C.6 I will comply with all policies and procedures regarding the use of our funds and resources[4] and I will not misuse, contribute to or condone the misuse of these resources;

C.7 We forbid all forms of bribery, meaning a financial or other advantage or inducement intended to persuade someone to perform improperly any function or activity. I will neither accept from nor give bribes or any other inducement to anyone. I will comply with our policy on anti-fraud and bribery and will report any instances of suspected bribery or corruption within the organisation or any of its business partners; and

C.8 I will ensure that neither I nor someone closely connected to me receives or is seen to receive preferential treatment relating to any services provided by the organisation or its contractors/suppliers. I will declare all interests openly and ensure they are effectively managed to demonstrate this.

[3] These concerns might include, but are not confined to, suspected fraud, dishonesty, breach of the law, poor practice, non-compliance with regulatory requirements, misconduct, breach of this code.
[4] Resources include people, equipment, buildings, ICT, funds, knowledge, stationery, transport

D. Objectivity:

You must consider all matters on their merits; you must base your decisions on the information and advice available and reach your decision independently.

D.1 I will ensure that the decisions that I take are consistent with our aims and objectives and with the relevant legal and regulatory requirements (including those of the Scottish Housing Regulator, the Office of the Scottish Charity Regulator, the Financial Conduct Authority and the Care Inspectorate);

D.2 I will prepare effectively for meetings and ensure I have access to all necessary information to enable me to make well-informed decisions;

D.3 I will monitor performance carefully to ensure that the organisation's purpose and objectives are achieved, and take timely and effective action to identify and address any weaknesses or failures;

D.4 I will use my skills, knowledge and experience to review information critically and always take decisions in the best interests of the organisation, our tenants and our service users;

D.5 I will ensure that our organisation seeks and takes account of additional information and external/independent and/or specialist advice where necessary and/or appropriate;

D.6 I will ensure that effective policies and procedures are implemented so that all decisions are based on an adequate assessment of risk, deliver value for money, and ensure the financial well-being of the organisation; and

D.7 I will contribute to the identification of training needs, keep my knowledge up to date, and participate in ongoing training that is organised or supported by us.

E. Integrity:

You must actively support and promote our values; you must not be influenced by personal interest in exercising your role and responsibilities.

E.1 I will always treat my Board colleagues our staff, our customers and partners with respect and courtesy;

E.2 I will always conduct myself in a courteous and professional manner; I will not, by my actions or behaviour, cause distress, alarm or offence;

E.3 I will publicly support and promote our decisions, actions and activities; I will not, by my actions or behaviour, compromise or contradict the organisation, its activities, values, aims or objectives. I will notify the Chair quickly if I become aware of any situation or event that I am associated with which could affect our reputation;

E.4 I will fulfil my responsibilities as they are set out in the relevant role description(s); I will maintain relationships that are professional, constructive and that do not conflict with my role as a governing body member;

E.5 I will comply with, support and promote our policies relating to equality, diversity and human rights as well as uphold our whistleblowing and acceptable use policies;

E.6 I will respect confidentiality and ensure that I do not disclose information to anyone who is not entitled to receive it, both whilst I am a member of the Board and after I have left;

E.7 I will observe and uphold the legal requirements and our policies in respect of the storage and handling of information, including personal and financial information;

E.8 I will not make inappropriate or improper use of, or otherwise abuse, our resources or facilities and will comply with our policies and procedures regarding the use of our funds and resources; and

E.9 I will not seek or accept benefits, gifts, hospitality or inducements in connection with my role as a member of our Governing Body (other than where permitted by the policy), or anything that could reasonably be regarded as likely to influence my judgement. I will not benefit, or be perceived to benefit, inappropriately from my involvement with the organisation and will comply with our policies on the matter.

F. Accountability

You must take responsibility for and be able to explain your actions, and demonstrate that your contribution to our governance is effective.

F.1 I will observe and uphold the principles and requirements of applicable regulatory frameworks, and gain assurance that relevant statutory and regulatory guidance and our legal obligations are fulfilled;

F.2 I will ensure that we have effective systems in place to monitor and report our performance and that corrective action is taken as soon as the need is identified;

F.3 I will contribute positively to our activities by regularly attending and participating constructively in meetings of the Board**,** its committees and working groups;

F.4 I will participate in and contribute to an annual review of the contribution I have made to our governance;

F.5 I will not speak or comment in public on our behalf without specific authority to do so;

F.6 I will co-operate with any investigations or inquiries instructed in connection with this Code whilst I am a governing body member and after I have left;

F.7 I recognise that the Governing Body as a whole is accountable to its customers and I will demonstrate this in exercising my judgement and in my decision-making; and

F.8 I will always be courteous and polite and behave appropriately when acting on our behalf.

G. Leadership:
You must uphold our principles and values and lead the organisation by example.

G.1 I will ensure that our strategic aims, objectives and activities deliver good outcomes for our customers. I will make an effective contribution to our strategic leadership;

G.2 I will ensure that our aims and objectives reflect and are informed by the views of our customers.

G.3 I will always be a positive ambassador for the organisation.

G.4 I will participate in and contribute to the annual review of the Governing Body's effectiveness and help to identify and attain the range of skills that we need to meet our strategic objectives.

G.5 I will not criticise or undermine the organisation or our actions in public.

G.6 I will not criticise staff in public; I will discuss any staffing related concerns privately with the Chair and/or Senior Officer.

G.7 I will not harass, bully or attempt to intimidate anyone.

G.8 I will not use social media to criticise or make inappropriate comments about the organisation, its actions or any member of the Board staff or other partners.

G.9 I will not act in a way that could jeopardise our reputation or bring us into disrepute.[5]

[5] This includes activities on social media, blogs and networking sites.

5. Declaring and Managing Personal Interests

5.1 Where you have a personal, business or financial interest in any matter that is relevant to our activities or is being considered (or is likely to be considered), or you know that someone to whom you are closely connected has such an interest, you must declare it promptly and record it in our Register of Interests.

5.2 It is your responsibility to keep your Register of Interests complete, accurate and up to date.

6. Breach of this Code

6.1 Each member of the Governing Body has a personal and individual responsibility to promote and uphold the requirements of this Code. If any member of the Governing Body believes that they may have breached the Code or has witnessed or has become aware of a potential breach by another member, they should immediately bring the matter to the attention of their Chair.

6.2 Alleged breaches of the Code of Conduct must be reported to the Company Secretary and Group Chair. In the case of a subsidiary, the alleged breach should be reported to the Chair of the subsidiary in the first instance (where appropriate). Any alleged breaches of this code shall be investigated by the Group Remuneration, Appointments, Appraisal and Governance Committee. The procedure for dealing with alleged breaches is described in the Breach protocol.

6.3 Each member of the Governing Body has a duty to co-operate with and contribute to any investigation relating to the Code of Conduct

7. Acceptance

I have read and understood the terms of this Code of Conduct and I agree to uphold its requirements in all my activities as a member of our Governing Body. I am aware that I must declare and manage any personal interests. I agree to review all relevant Registers regularly to ensure that all entries relating to me are accurate. I understand that, if I am found to have breached this Code of Conduct, action will be taken by the Governing Body which could result in my removal.

Name…………………………………………………………………

Date……………………………………………………………………

Supporting Guidance to the Code of Conduct for Wheatley Group governing body members

This Guidance has been prepared for governing body members of the Wheatley Group and its subsidiaries, to support the adoption of our Code of Conduct (the Code). All governing body members must sign the Code of Conduct when they are elected, co-opted or appointed, and then on an annual basis thereafter. References throughout this Code of Conduct to 'we', 'us' and 'our' mean Wheatley Housing Group Limited and any of its subsidiary undertakings (including Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South, Loretto Housing, Lowther Homes, Wheatley Care, Wheatley Foundation, Wheatley Solutions)

We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities. Our Code of Conduct sets out the requirements and expectations which are attached to your role as a governing body member. You have a personal responsibility to uphold both the spirit and the requirements of our Code.

Our Code of Conduct is an important part of our governance arrangements. It is supported by the Role description which describes your responsibilities as a governing body member. You are responsible for ensuring that you are familiar with the terms of the Code and that you always act in accordance with its requirements and expectations. Governing body members must always ensure their actions accord with the legal duties of the company and with regulatory guidance. You must also ensure you are familiar with any policies which are linked to this code.

As Registered Social Landlords (RSLs), Wheatley Housing Group, Wheatley Homes Glasgow, Loretto Housing, Wheatley Homes East and Wheatley Homes South are required to adopt and comply with an appropriate Code of Conduct[1]. Our Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations (2021), which the Scottish Housing Regulator (SHR) has confirmed fully complies with its regulatory requirements. The provisions of the Code are based on good governance. We have extended the Code to apply to all entities within our group.

You cannot be a member of a governing body if you do not agree to adopt our Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign the Code annually.

Each year, following the AGM, governing body members will be asked to sign and date our Code of Conduct to confirm your commitment to the principles, requirements and expectations that it describes and to meet the requirements of our rules. A copy of our Code, showing your signature throughout your membership of the governing body will be retained by us, in accordance with our Data Protection/Privacy policy.

[1] Scottish Housing Regulator (2019) Regulatory Framework, Regulatory Standard 5.2

Our Code of Conduct applies to all elected, appointed and co-opted members of our governing body and its sub-committees and to the governing bodies of all subsidiaries and members of Wheatley Group.

Breach of the Code

If a complaint is made or concern is raised that a member of the governing body may have breached any part of our Code, the matter will be investigated in accordance with the Protocol which has been approved by the Wheatley Group Board. The protocol forms part of our governance policies and is accessible from the Director of Governance and on our Board portals.

How the Code is structured

We have adopted the Scottish Federation of Housing Associations ("SFHA") Model Code of Conduct. The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.[2]

This guidance is offered to support the application of the Code of Conduct by providing some illustrations of the practical application of the Code's requirements. It is emphasised that the guidance is not exhaustive.

It must be remembered that governing body members are always responsible for ensuring that their conduct at all times meets the high standards that we are recognised for upholding.

The Principles of the Code

The seven principles of the Code are:

A. Selflessness

B. Openness

C. Honesty

D. Objectivity

E. Integrity

F. Accountability

G. Leadership

[2] Committee for Standards in Public Life (May 1995), Nolan Principles

The remainder of this guidance offers some illustrations of how each of the principles may be applied to your role as a governing body member. There are references throughout to the need for governing body members to ‘be familiar’ with the terms of policies and other documents. This does not mean that you need to know the detailed content of all the documents but rather you should be aware of their key principles and have ready access to them in the event that the detail is necessary.

A. Selflessness

This principle emphasises the importance of governing body members acting in our best interests at all times and taking decisions that will support delivery of our objectives. Although individual governing body members bring knowledge and experience to their role, you are not a representative for a specific interest or group: your experience and knowledge should inform your contribution to discussion but your decision-making should be influenced by our aims and objectives and not individual or specific interests. In practice, this means that you must always make a conscious effort to see the bigger picture and not concentrate just on the issues that are important to you.

A1 refers to upholding our values, which are included at 1.1 in the introduction of our Code.

The principle contains a commitment to always support and uphold the governing body decisions and our actions (A3): if a governing body member were to actively undermine or publicly contradict or disagree with decisions and/or actions, this may constitute a breach. E3 of the Code contains a parallel commitment: if a decision is taken by the governing body that a member fundamentally disagrees with and cannot support, it may be that resignation should be considered.

This principle is not intended to prevent a governing body member from disagreeing with a proposal during a meeting or from recording their dissent from a decision; rather it is intended to ensure that no member of the governing body actively and/ or publicly undermines the organisation. In practice, this means, for example, that you should not question in public why a decision was taken or criticise the organisation. It is only if a governing body member actively undermines or disagrees with a decision or action that a breach of the Code may arise. A similar provision is contained in the Code of Conduct for staff.

A4 specifies that governing body members will always be respectful to others: this means, among other things, that you must uphold and be familiar with our policies relating to Equalities and Human Rights and Dignity at Work. This requirement relates to all of your engagements with governing body colleagues and staff, tenants and customers, partners and agents. In practice, this means listening to and considering other views and respecting opinions even if they are very different from your own. It also applies to wider conduct: E1, E2 and E3 are specific about the responsibilities of governing body members to ensure that they do not bring the organisation into disrepute.

The Code stresses that governing body members should not stray into operational matters or seek to use their influence (A6) inappropriately or for personal gain. This means that governing body members should always refer individual matters relating to themselves or someone they know or in which they have an interest to the relevant member of staff or to the Director of Governance for onward delegation.

B. Openness

This principle sets the framework for ensuring that, in all of our activities and in all your actions, transparency and openness are evident. In practice, this means that you must identify and declare all personal interests which are relevant to our work and to your role with us. You must be familiar with the process for declaring interests and you must make sure that the Register of Interests is accurate and up to date at all times. You must ensure that you are well informed about our policy on declaring interests, which forms part of our EPB (Entitlements, Payments and Benefits) Policy (B3).

You must always be careful and cautious about how your actions may be viewed by others and take care to avoid anything which could compromise or embarrass you or us (B2). In practice, this means that you cannot accept gifts or hospitality that are not permitted by our Payments, Benefits, Gifts and Hospitality policy.

B5 reflects the requirements of SHR's regulatory standard 2 by emphasising the importance of governing body members being well-informed about the needs and priorities of tenants. In practice, this may include considering information from Tenant Scrutiny groups, monitoring tenant satisfaction and landlord performance data, offering/considering insight provided from individual governing body members' experiences of their landlord. governing body members should use this information to inform their consideration of the business that is brought to the governing body.

Some of our group are covered by the requirements of the Freedom of Information (Scotland) Act. For our RSLs, the SHR's Regulatory Framework requires them to be open and accountable for what they do[3]. As a member of a governing body, you are responsible for ensuring that we comply with these legal and regulatory requirements: in practice, this means monitoring our compliance and ensuring that we communicate openly and respond effectively to tenants, customers, regulators, funders and partners.

The governing body should oversee a culture of openness throughout the organisation – in our communications, access to our website, engagement with tenants and customers and willingness to provide information and answer questions. In practice, this means working on the basis that information will be made available unless there is a good reason for it being withheld. At the same time, you must also ensure that confidentiality is respected (B6 and B7 require that information is made available but E6 also requires that confidentiality must be ensured). This means that it is important for governing body members to be involved in agreeing the policy framework that supports how we categorise information.

[3] Regulatory Standard 2 (SHR Regulatory Framework 2019)

C. Honesty

This principle emphasises the importance of always acting honestly and in good faith in undertaking your role as a governing body member; it also supplements the principle of Openness. To uphold this principle, you should ensure that you are familiar with our rules, standing orders and scheme of delegation, as well as our governance policies and procedures (C3).

C4 requires you to be aware of the terms of our Whistleblowing Policy: in practice, this means that the governing body, collectively, must be assured that the policy is fit for purpose (SHR has issued Statutory Guidance on Whistleblowing) and that there is regular training provided for governing body members and staff on its terms. Governing body members must also ensure that there are effective procedures in place for whistleblowing allegations to be made and investigated, with adequate safeguards in place to protect complainants. Governing body members have an individual duty to report any concerns that you may have about possible fraud, corruption or wrongdoing (C5 and C7). You must, therefore, be familiar with the terms of our Anti-Fraud, Bribery and Corruption policy. You are expressly forbidden to accept any gifts or other inducements which might create, or be capable of creating, a sense of obligation to another party.

C6 stresses your commitment to ensure that our funds and resources are used properly and for legitimate purposes. This means that decisions about what we do and how we act must fit with, amongst other things, our permitted purpose, and objectives, our business plan and the terms of our loans and grant-making authorities.

C8 further emphasises[4] your responsibility to ensure that neither you nor someone closely connected to you is seen to benefit inappropriately from your role with us and to be very open in declaring all relevant personal interests. In practice, this means ensuring that you are not involved in any decisions which personally impact or affect you or someone you are close to.

D. Objectivity

This principle is about the need to ensure that you make decisions based on an objective consideration of the information that is presented to you in reports. In practice, this means that you must be satisfied that you have access to all of the information you need to fulfil your responsibilities, whilst – at the same time – being mindful of and respecting the distinct roles of governing body members (strategic) and senior staff (operational).

D1 reflects the provisions of Regulatory Standard 1 by committing governing body members to ensuring that decisions are consistent with all legal, constitutional and regulatory requirements. This means that governing body members must be familiar with these provisions. Reports should refer and draw attention to the relevant legal, regulatory and financial constraints/conditions, with Minutes recording that these have been adequately considered.

[4] A6 and B3 are also relevant

D2 is explicit about the importance of preparing adequately for meetings – our role description contains an indication of the time that is likely to be involved in meeting preparation. Preparation includes reading all of the reports and also accessing any additional information that may be available (e.g. supplementary reports) and which you feel is necessary. This might also involve the governing body requesting that specialist or independent advice is obtained (D5 and Regulatory Standard 4.1) – and individual members being aware of when it is appropriate and/or necessary to do so (D5).

D6 describes the responsibility of governing body members to ensure that the organisation has an effective and robust framework for assessing and managing risk: this includes being satisfied about the delegation of authority, operation and reporting of e.g. the Audit and Risk sub-committee. It also relates to the operation of financial regulations and the effectiveness of financial planning, budget preparation, forecasting and reporting. Regulatory Standard 3 is relevant to this principle.

In order to be objective, governing body members must be well-informed about the organisation's business and operating environments as well as the sector and economic policy and strategy contexts. D7 commits governing body members to participate in regular training to keep their knowledge up to date. Of course, no one is expected to be an expert in everything but there is an expectation that each governing body member will help to identify their own ongoing training needs and the priorities collectively – this will be an element of the annual review of the governing body's effectiveness (as required by Regulatory Standard 6.5).

E. Integrity

This principle focuses on the importance of always acting in our best interests and actively promoting our values, aims and objectives and reflects many of the other principles in the Code.

E1 and E2 echo A4: governing body members must be respectful and courteous in all that you do: in practice, this means being prepared to 'agree to disagree' when strong opinions are held and being tolerant of views and perspectives which might be very different from your own. It also means recognising and acknowledging that what is acceptable in terms of language and conduct can change and being mindful that differences in cultures, faiths and beliefs can be very significant and sensitive.

E3 complements A3 in terms of publicly promoting and supporting us and our activities but it also includes a commitment to notify the Chair as soon as you become aware of anything that might compromise us or our interests. In practice, this might include being associated with, for example, a community council's opposition to a planning application that we have made or being involved in something that may become public and which could embarrass us.

E4 refers to the role descriptions that we have adopted: all governing body members must be familiar with the terms of their role description and, for office bearers, there will be more than one. In practice, this principle seeks to ensure that relationships are professional: amicable and constructive with respect for the boundaries between the strategic role of the governing body member and the operational responsibilities of senior staff.

E5 complements A4 and is a specific commitment to uphold our Equality and Diversity and Whistleblowing policies: this reflects the regulatory requirement for us to have a whistleblowing policy and the Regulatory Standard that requires 'clear procedures for employees and governing body members to raise concerns or whistleblow if they believe that there has been fraud, corruption or other wrongdoing within the RSL'[5]

E6 and E7 relate to confidentiality and the importance of maintaining it. This applies to the content of reports, discussions at governing body and committee meetings and all other business that you have access to in your role as a governing body member. Upholding this principle requires you not to discuss anything that is identified as being confidential with anyone who is not entitled to the information; it also means making sure that any papers are stored securely (e.g. by means of passwords on laptops or other devices, in a locked drawer) and that on-line discussions can't be overheard (e.g. if attending a virtual meeting). In applying this principle, you must also be mindful of our duties in respect of safeguarding personal information i.e. anything from which an individual can be identified.

F. Accountability

This principle is about the importance of taking personal responsibility for your contribution to our governance. In practice, this means being active in your role as a governing body member – asking questions, critically reviewing information and monitoring performance and participating in strategy and planning events (F3).

F1 is a specific commitment to upholding legal and regulatory requirements: in practice, this means that you should feel assured and satisfied, as far as you reasonably can, that we are compliant with our legal and regulatory obligations as well as our own internally set standards. Your assurance will come from your participation in our governance – the reports, discussions, external advice and audits that you are asked to consider and which form the evidence for the governing body annual Assurance Statement (F2).

As a governing body member, you are expected to participate in an annual review of the effectiveness of your own contribution (F4) and of our overall governance (G4). As well as being a principle of the Code, this is also a regulatory requirement (Regulatory Standard 6.3, 6.3).

F6 places a responsibility on each governing body member to be assured that there is an effective process in place for appraisal of the senior management. In practice, this also means ensuring that senior management is adequately supported as well as being held to account for the achievement of both corporate and individual objectives. governing body members must also be satisfied that the annual appraisal is carried out effectively and that its outcome is reported to the governing body.

[5] Regulatory Standard 5.6

Our Scheme of Delegation identifies who is authorised to make public comments on our behalf; it is not normally appropriate for an individual governing body member to speak in public without prior agreement from the Chair. This includes, for example, accepting an invitation to contribute to a conference or event because of your role with us. The Code's principles also extend to social media activities (F7, G7).

F8 is a specific commitment to participate in and co-operate with any investigations that may be instructed relating to the Code, involving you either directly or as a witness. This obligation extends beyond your term of membership of the governing body which means that your co-operation may be requested when you are no longer a member of the governing body. It is unlikely that you would be asked to contribute to any such investigation more than two years after you have left.

F9 requires governing body members to ensure that the best interests of customers, tenants and service users guide planning and decision-making. In practice, this means being informed and taking account of the views of customers, tenants and service users in all aspects of your role and ensuring that reports contain sufficient information to give you assurance that proposals are similarly informed before you make a decision.

G. Leadership

The role of the governing body is to lead and direct the organisation to deliver good outcomes for our customers, tenants and service users[6]. This section of the Code sets out some specific expectations about that part of your role. It also stresses the importance of governing body members leading by example and making a positive and active contribution to our governance (G1, G2).

G3 echoes A3 and E3 by specifying your responsibility to be positive in your support for us and our work. In practice, this means representing us positively both when acting on our behalf and in your wider activities.

G4 complements the individual focus of F4 by being explicit that the governing body should review the overall effectiveness of its governance arrangements: this forms part of our annual review process, which also includes a review of the range of skills, knowledge and experience that the governing body collectively needs to fulfil its responsibilities. governing body members have a responsibility to contribute to the process of identifying any gaps and the best means of filling them (D7)[7].

G5 supports G3 (and A3 and E3) by being explicit that you should not criticise us, our people or our actions in public. This does not mean that you cannot be critical or raise concerns – that is a key part of your responsibility as a governing body member – but you should always be constructive and objective in your challenge and criticism, which should be expressed at meetings and in discussions and with the relevant people, in accordance with our structures and procedures.

[6] Regulatory Standard 1
[7] Regulatory Standard 6.5

G6 is a specific commitment not to criticise or undermine (or appear to undermine) members of staff (individually or collectively) in public (including to customers, tenants or partners). Any concerns which you have should be raised directly and privately with the Chair.

G7 echoes provisions regarding bullying and harassment.

G8 supplements the principle at F7 by making specific reference to social media activity: all of the provisions of the Code apply to your presence on all social media platforms.

It is essential that governing body members are not associated with anything that could compromise us or bring us into disrepute. G9 echoes the provisions that are set out at E3 and E4. In all that you do, you must be mindful of any potential negative impact on us and, if you become aware of anything that could affect us, you must bring it to the attention of the Chair quickly (E3).

Protocol for Dealing with a Breach of the Code of Conduct

1.1 This procedure sets out the arrangements that will apply to potential breaches of the Code of Conduct, which are defined as follows:

(a) Breaches of the Code of Conduct (the Code) that occur during a meeting and involve a member being obstructive, offensive or disregarding the authority of the Chair

(b) Other complaints about the conduct of a Member of the Governing Body

(c) Information that suggests that there may have been a breach of the Code by a member of the Governing Body.

1.2 A breach of the Code by a RSL governing body member is a Notifiable Event. The governing body is responsible for ensuring that the necessary notifications are made to the Scottish Housing Regulator as soon as any breach comes to light, and that the SHR's requirements (in terms of reporting the outcome of the investigation are met.

Conduct at meetings

2.1 Potential breaches that occur during the course of a meeting will normally be dealt with by the relevant Board Chair during the meeting and/or within 24 hours of the meeting. In these circumstances, the Chair may ask the member to leave the meeting or a vote may be taken to exclude the member from the rest of the meeting. After the meeting, the Chair will discuss such behaviour with the member and may require the member to apologise or take such other action as may be appropriate.

2.2 Where the Chair regards such behaviour as potentially meeting the threshold for a breach of the Code they must raise this with the Group Company Secretary and Group Chair to agree whether to refer it for investigation subsequently in accordance with the terms of this protocol. It may be the case that no one instance is a standalone breach of the Code but a pattern of behaviour in meetings represents a breach.

Other Complaints

3.1 Potential breaches of the Code may occur beyond business premises (e.g. whilst a Governing Body member is at an external meeting, a meeting with staff, attending a training event or conference or otherwise representing us, or whilst engaging in social networking). Potential breaches may also involve inappropriate conduct in relation to colleagues, staff or service users or failure to follow the requirements of an approved policy.

3.2 A potential breach of the Code, including repeated instances of poor conduct at meetings, will normally be the subject of an investigation.

3.3 Not all potential breaches will be the subject of complaints or allegations. Where they are, they do not have to be made in writing but the Chair and Group Company Secretary should ensure that there is always a written statement of the complaint or allegation that is used as the basis for the investigation.

3.4 In the event that an allegation is made anonymously, it will be considered for further investigation based on the available evidence to support the allegation. This will, where appropriate, be undertaken in conjunction with the Group Whistleblowing Policy.

Investigation of a potential breach

4.1 Allegations of a breach should normally be made to the relevant Board Chair or, where the complaint relates to the Chair, to the Group Chair or Group Company Secretary. The Chair should report the allegation to the Group Company Secretary and Group Chair, who in consultation with the Group RAAG Committee, will decide whether to take no further action, instruct an independent investigation or whether to carry out an internal investigation. No one who has any involvement in the complaint or the circumstances surrounding it will play any part in the investigation.

4.2 A potential breach of the Code which will be investigated will be notified to the relevant Governing body member and Governing Body by the Group Company Secretary within seven working days of it being agreed it will be investigated. The Governing Body Member must be notified in writing of the nature of the complaint and the arrangements proposed for investigation.

4.3 Any internal investigations will be carried out under a Terms of Reference agreed upon by the Group RAAG Committee. They will be supported in the conduct of the investigation by the Group Company Secretary.

4.4 Where the potential breach relates to the Group Chair, an independent investigation will be considered.

4.5 An independent investigation will normally be overseen by the Group Chair and one other RAAG Committee member, with support from the Group Company Secretary. In the event that the alleged breach relates to the Group Chair, the Senior Independent Director will oversee the investigation.

4.6 The Senior Independent Director and RAAG Committee, with any support they feel necessary, will brief the agreed advisor/investigator and then consider their recommendations at the end of the investigation, before reporting to the Governing Body. We will provide the investigator with a written brief that sets out the nature of the complaint and of the investigation to be carried out, as well as a timescale for completion and reporting. Investigations should not usually take more than six weeks to conclude. The advisor/investigator will normally present their report to the RAAG Committee.

4.7 The Governing Body Member whose conduct is being investigated will not be party to any of the discussions relating to the investigation. Any Governing Body Member who is the subject of a complaint is expected to co-operate with any investigation carried out. The Governing Body should agree to grant leave of absence to a member who is the subject of a complaint whilst an investigation is carried out.

4.8 A meeting of the RAAG Committee will be held to consider the report and recommendations from the investigation and to determine what action should be taken against any individual who is found to have been in breach of the Code.

4.9 The RAAG Committee will report the findings of the investigation and the proposed action to the member concerned within seven days of the meeting at which the report of the investigation was considered.

4.10 Where, following an investigation, it is concluded that a serious breach has occurred, the Governing Body may require the member to stand down from their position in accordance with the relevant constitution.

4.11 If it is proposed to remove a member the member will have the right to address the full RAAG Committee before their recommendation is made to the relevant governing body.

Action to Deal with a Breach

5.1 If, following investigation, a breach of the Code is considered to have occurred, action will be taken in response. This action will reflect the seriousness of the circumstances. It may take the form of some or all of the following:

- an informal discussion with the member concerned;
- advice and assistance on how his or her conduct can be improved;
- the offer of training or other form of support;
- a formal censure; and/or
- a recommendation of a vote to remove the Member from the Governing Body

5.2 Where the breach relates to a RSL governing body member the outcome of any investigation will be notified to the Scottish Housing Regulator.

Definitions

6.1 We will regard the following actions as likely to constitute a "serious breach" of the Code of Conduct (this list is not exhaustive):

- Failure to abide by the principle of collective responsibility regarding decisions made by the governing body;
- Failure to act in our best interests and/or acting in a way that undermines or conflicts with the purposes for which we operate;
- Support for, or participation in, any initiative, activity or campaign which directly or indirectly undermines or prejudices our interests or those of our customers, or our contractual obligations;

- Accepting a bribe or inducement from a third party designed to influence the decisions we make;
- Seeking to use the position as a governing body member to unduly influence others with the purpose of deriving personal gain (financial or non-financial); and
- Acting in an abusive way to any staff or governing body member.

Approval and Review

7.1 This protocol was approved by the Group Board on XXXX. It will be reviewed immediately following its implementation to deal with a potential breach or not later than ____ XXX, whichever is the earlier.

Wheatley Group

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Competency Framework & Continuous Professional Development

A message from the Group Chair

At Wheatley Group we value the skills, knowledge and experience of all of our Non-Executives and recognise that they are essential in helping us to exercise good governance. We are committed to supporting our Non-Executives in retaining and developing their skills and knowledge, as well as ensuring that all our Non-Executives have a clear understanding of their role, duties and responsibilities.

We operate in a complex environment, where the focus on, and responsibilities of, our governing bodies is greater than ever. It is critical that we all have access to appropriate professional development to allow us to carry out our role effectively and continue to deliver our key duty: to protect the interests of our tenants and service users.

This Competency Framework and supporting Continuous Professional Development Programme is designed to ensure that the skills, experience and knowledge we have is the best it can be and I hope all Non- Executives use the opportunity to develop and supplement their skills and experience.

Jo Armstrong
Group Chair

Introduction

It is widely recognised that the skills, knowledge and experience of Non-Executives are **significant** determinants of the quality and effectiveness of governance. All members of the Wheatley Housing Group are strongly committed to excellence in governance and a key element of this is our Non-Executive professional development programme.

We have worked in partnership with the Institute of Directors to develop a Non-Executive Director Competency Framework which clearly sets out the Group's expectations of Non-Executive Directors.

To support the Framework, we have developed a Continuous Professional Development (CPD) programme which is fully aligned with the Framework.

The Framework and associated CPD for our Non-Executives has a wide range of benefits for both the Group and for individual Non-Executives, including:

- Governing bodies and their members constantly updating their skill sets;
- Demonstrating the Group and its Non-Executives 'commitment to self-development';
- Enabling the Group and Non-Executives to address skills gaps; and
- Governing bodies and their members are confident they are up to date on their key duties and responsibilities.

Non-Executive Director Competency Framework

Non-Executive directorship is a skilled, demanding and challenging role. This is reflected in the legal and regulatory responsibilities that Non-Executive Directors carry individually and the expectations of regulators and stakeholders of Boards as a whole.

In recognition of this, we have worked with the Institute of Directors, the UK's longest running organisation for professional leaders, to adapt their Director Competency Framework specifically for Non-Executive Directors.

The Framework will be applied in a number of ways to support Non-Executives through the recruitment, induction and development stages, including:

- Setting clear expectations of Non Executives at the recruitment stage;
- Forming the basis of the induction process;
- Planning individual professional development plans;
- The design and delivery of Continuous Professional Development courses;
- Individual and Board appraisals; and
- Succession planning

<u>Structure of the framework</u>

The Framework is structured on core competencies across three dimensions:

KNOWLEDGE	SKILLS	MINDSET
The Non-Executive Director's understanding and appropriate application of essential practical and theoretical information	The experience that a Non-Executive brings to their role	The attitude and disposition that shape a Non-Executive director's responses and behaviours

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- Each competency is accompanied by a **statement of purpose** which explains its role in effective performance

- Each competency is defined by a set of standards, which are expressed in terms that are observable and assessable. The standards identify the behaviour that a Non-Executive Director should demonstrate

DIMENSION 1 - KNOWLEDGE

The Non-Executives understanding and appropriate application of essential practical and theoretical information

Corporate Governance

Purpose *Why is it important?*

Non-Executive Directors need to have the knowledge to steer the organisation towards achieving its strategic objectives while operating effectively, legally, responsibly and sustainably.

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Laws and Regulation	CG1	Laws and regulations applicable to the industries/sectors in which the organisation operates and how the organisation complies with them
Corporate Governance	CG2	Best practice in corporate governance, including relevant governance codes and the roles, duties, responsibilities and accountabilities of individual Non-Execs and the Board as a whole
	CG3	The organisations governance structures, processes and practices
Boardroom dynamics	CG4	Boardroom relationships, Non-Exec-Management relationship and Board composition
Ethics	CG5	Business ethics, ethical codes and ethical decision making
	CG6	Ethical policies of organisation
Risk oversight	CG7	Risk appetite and the role of risk in growth and value creations
	CG8	The structures and systems that enable your organisation to effectively identify, assess and manage risks

Board Leadership

Purpose *Why is it important?*

Non-executive directors need to understand leadership in a Board context and the impact of stakeholder relations, values and culture in effective leadership.

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Values	V1	The nature and purpose of organisational values and how to embed them
	V2	The values of the organisation
Culture	V3	Organisational culture and its role in performance
	V4	The existing and envisioned culture of the organisation
Leadership	V5	Good practice in Board and strategic leadership
Stakeholder Engagement	V6	The organisation's key stakeholders, approach to stakeholder engagement and the perspectives of key stakeholders

Strategy

Purpose *Why is it important?*

The key role of the Non-Executive Director is setting the strategic direction of the organisation. A thorough knowledge of the strategy development process is required to create and implement effective strategies

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Vision	ST1	The need for a clear vision and purpose to guide the strategy
	ST2	The organisation's vision and purpose and how it adds value in the context of its sector(s)
Strategy development	ST3	Models and methods of strategic analysis, option evaluation and creating an organisational strategy
	ST4	The organisation's strategic objectives and current strategy
	ST5	The organisation's current political, economic, social and technological environment and implications for the existing strategy and future direction
Strategy implementation and change	ST6	The factors involved in successful strategy implementation and organisational change

Finance

Purpose *Why is it important?*

Non-Executive directors need to understand how to assess the organisation's financial position and performance and be sure that it is sustainably financially viable

Knowledge		Standard: Non-Executive Directors should demonstrate an understanding of
Financial reporting	FN1	The collective responsibility for financial reporting
Financial health and performance	FN2	How to interpret financial statements and accounts in order to assess financial health of the organisation
	FN3	The financial performance of the organisation in the context of its strategic objectives
Sources of finance	FN4	The sources of finance available to the organisation and their relative merits and risk
Value	FN5	How to assess the financial value of an organisation and potential business opportunities

DIMENSION 2 - SKILLS

The skills and expertise Non-Executives need to undertake their role

Strategic thinking

Purpose *Why is it important?*
The ability to think strategically is the cornerstones of the Non-Executive director role.

Skill		Non-Executive Directors should be able to
Identifying opportunities and threats	SR1	Identify opportunities and threats to the organisation, taking into account the internal and external business environment
Taking a broad perspective	SR2	Offer a broad view beyond the immediate issue and own area of expertise, including short, medium and long-term perspectives
Considering impact of decisions	SR3	Identify the potential long term impact of decisions, including contingency plans and risk mitigation(s)

Analysis and use of information

Purpose *Why is it important?*
Non-Executive Directors need to be able to analyse, interpret and use information effectively to take appropriate decisions.

Skill		Non-Executive Directors should be able to
Using a range of sources	AI1	Actively seek reliable, appropriately detailed and timely information from a wide range of sources
Synthesising information	AI2	Assimilate and synthesise financial, technical and qualitative information
Evaluating and interpreting information	AI3	Consider the applicability and limitations of the information and make objective interpretations
Simplifying complexity	AI4	Simplify complex information

Decision Making

Purpose *Why is it important?*
Good decision making skills are required to arrive at a course(s) of action in a timely manner that provides a clear direction and moves the organisations forward

Skill		Non-Executive Directors should be able to
Evaluating proposals	DM1	Evaluate proposals using a range of criteria and identify their advantages and disadvantages
Handling uncertainty	DM2	Make decisions, even in the face of uncertainty or incomplete information
Taking appropriate risks	DM3	Take calculated risks in the context of the organisation's strategy and agreed risk appetite level

Communication

***Purpose** Why is it important?*

The ability to communicate effectively is essential to work successfully with others and operate as a Board.

Skill		Non-Executive Directors should be able to
Listen carefully	L1	Listen dispassionately, carefully and attentively
Communicating candidly and openly	L2	Demonstrate transparency, candidness and openness wherever possible
Communicating clearly	L3	Communicate articulately, clearly and concisely
Adapting to audience	L4	Tailor their communication style to the needs of the audience and the situation

Leadership

***Purpose** Why is it important?*

Strong leadership skills enable Non-Executive Directors to solve problems, cope with change and inspire confidence in the strategic direction of the organisation.

Skill		Non-Executive Directors should be able to
Conveying self-assurance	LS1	Display confidence, self-assurance and conviction
Taking action	LS2	Take action quickly, under pressure and in difficult circumstances where necessary
Embracing change	LS3	Show flexibility, adaptability and willingness to embrace change
Inspiring others	LS4	Inspire, support and motivate others

DIMENSION 3 - MINDSET

The Non-Executives attitudes and dispositions shape their responses and behaviours.

Ethical

Purpose *Why is it important?*

Non-Executive directors with an ethical mind set demonstrate high standards of conduct and will be better placed to serve, advocate for and represent the organisations.

Mind set		Non-Executive Directors should
Modelling values	ET1	Models the values of the organisation
Display high standards of conduct	ET2	Demonstrate behaviour which conforms to high standards of public conduct
Prioritise interests of the organisation	ET3	Place the interest of the organisation above oneself in all business matters
Identifying and managing conflicts	ET4	Proactively identify and disclose conflicts or potential perceived conflicts of interest relating to both oneself and others when they become apparent and ensure they are managed appropriately
Treating others fairly	ET5	Treat others fairly and justly

Professional

Purpose *Why is it important?*

Non-Executive directors need to bring a professional attitude and outlook to their role in order to command respect

Mind set		Non-Executive Directors should
Showing care and diligence	PR1	Maintain high standards of skill, care and diligence in professional activities
Investing in own development	PR2	Invest time in learning and professional development applicable to the role
Taking responsibility	PR3	Take responsibility for their own performance and behaviour
Acting with integrity	PR4	Act with integrity and honesty in all dealings

Strategy Orientated

***Purpose** Why is it important*?

Non-Executive directors should have the organisations strategic direction and objectives in mind as they carry out their role

Mind set		Non-Executive Directors should
Focus on strategic priorities	SO1	Focus on how the organisation is performing relative to overall strategic priorities
Thinking longer term	SO2	Balance focus on short term priorities with how they are likely to impact the achievement of long term goals
Vision	SO3	Have a strong focus on what the organisation can and will be in the future not just what it is now

Independent

***Purpose** Why is it important?*

Non-executive Directors need to have an independent mind set to provide the challenge and rigour required

Mind set		Non-Executive Directors should
Displaying independence	IN1	Be willing to disagree and take an independent stance in the face of dissenting views
Encouraging diverse views	IN2	Encourage rigorous discussion and diverse views in order to prevent and dispel 'groupthink'
Question assumptions	IN3	Adopt an inquisitive approach and be prepared to question assumptions
Ask for clarification	IN4	Ask for clarification and explanation
Challenge the status quo	IN5	Be willing to challenge the status quo and historical ways of doing things

Aware of Self and others

***Purpose** Why is it important?*

Non-Executives need to have an insight into their own emotions and behaviours as well as a sensitivity to the feelings

Mind set		Non-Executive Directors should
Displaying emotional control	AW1	Demonstrate an understanding of their own emotional responses and an ability to manage their emotions appropriately
Demonstrating cultural sensitivity	AW2	Demonstrate social and cultural awareness and an ability to relate well to a diverse range of people
Showing empathy and perceptiveness	AW3	Display empathy and respond appropriately and sensitively to the emotions of others
Recognising and limiting bias	AW4	Demonstrate efforts to explore, understand and limit their own biases and preconceptions as well as those of others

CONTINIOUS PROFESSIONAL DEVELOPMENT PROGRAMME

Our Continuous Professional Development Programme ("the programme") is geared towards allowing all Non-Executives to achieve all elements of the competency framework. The programme structure has been developed based on a number of factors, including:

- Feedback from Board appraisals;
- The legal and regulatory duties of Non-Executives;
- The Group and subsidiary strategies;
- Group governance framework; and
- Good practice in corporate governance

Board induction

The Board induction is the first point of interaction between Non-Executive Directors and the Group. The core Board induction process, set out at table 1, is focussed on building the knowledge element of the competency framework.

The level of CPD activity will be at its highest during the induction process and first 12 months after appointment. The induction process contains a basic structure and will be tailored for each Non-Executive director based on their existing skills, knowledge and experience.

As part of the induction process all new Non-Executives will be expected to attend a 'Role of the Non-Executive' full day session delivered in house by the Institute of Directors within 6 months.

TABLE 1 - Non-Executive Director Board Induction programme structure – RSL Example
(Tailored to reflect actual Board and individual requirements)

Induction Area	Key documents and reference material	Key Individual(s) : One to One meeting(s)	Key Outcome(s)
Company Structure & Governance ▪ Group structure and history ▪ Organisation legal structure ▪ Role of the Board/Board member/ Director duties ▪ Board member CPD/time commitments ▪ Senior staffing & key personnel ▪ Board procedures and practices, including: - Governance Framework, - Code of Conduct, - typical schedule of meetings - Board meeting protocols - administration of meetings eg issue of papers, submission of apologies ▪ Key Board issues eg actions from recent appraisals, particular areas of focus	▪Previous Board papers ▪ Document summary ▪Governance A-Z ▪Governing body member handbook ▪Group Standing Orders ▪Articles/Rules of Association ▪Group Structure Chart ▪Guidance for Charity Trustee OSCR ▪Code of Conduct	One to one meeting(s) with: (Company Secretary) (Chair of the Board)	Director has a comprehensive understanding of Governance and the Company structure.
Operating environment and context ▪ Sector overview ▪ Key regulators and their area(s) of focus ▪ Key issues and risks ▪ Key stakeholders ▪ Key customers ▪ Key suppliers	▪ Scottish Housing Regulator - Regulatory Framework ▪ Scottish Housing Regulator – thematic reviews and relevant guidance ▪ Social Housing Charter ▪ Corporate Risk Register and risk appetite statement ▪ Housing sector A-Z	One to one meeting(s) with: (Company Secretary) (Lead Executive)	Director has understanding of business operating context and wider sector context
Strategy and key operations specific to XXX ▪ Our strategy and vision ▪ Operating model ▪ Current business performance and key performance targets ▪ Investment priorities ▪ Development programme ▪ Stock tour	▪ 5 year Strategic Plan ▪ Annual Highlights ▪ In year performance targets ▪ Investment plan	One to one meetings with: (Lead Executive) (Managing Director) (Development Manager)	Director has a specific understanding of the key aspects of XXX

TABLE 1 - Non-Executive Director Board Induction programme structure – RSL Example
(Tailored to reflect actual Board and individual requirements)

Induction Area	Key documents and reference material	Key Individual(s) : One to One meeting(s)	Key Outcome(s)
Finance ▪ Organisation capital and funding structure ▪ Management financial reports ▪ Key accounting policies	▪ Annual Accounts ▪ Current financial projections and budget	One to one meetings with: (Finance Manager) (Group Treasurer as required)	Director has a broad understanding of financial and reporting requirements
Policy ▪ Key policies that impact directors	▪ Document Summary ▪ Group Whistleblowing policy ▪ Group Fraud Corruption and Bribery policy ▪ Group Risk Management Policy ▪ Group Treasury Management Policy ▪ Group Information Governance policies ▪ Group Health and Safety Policy ▪ Expenses policy ▪ Gifts, Hospitality, Payment and Benefits Policy ▪ Value for Money Framework ▪ Group Framework/Policy schedule ▪ Director indemnifications	One to one meetings with: (Chair) (Company Secretary) (Policy lead as required)	Director has awareness and understanding of key policies

Ongoing CPD

We recognise that the competency framework is comprehensive and wide ranging. Non-Executive Directors will have a wide and diverse range of existing skills, knowledge and experience and will have different needs within the competency framework.

We have developed a programme which maps our CPD offering with the competency framework, attached at Table 2.

In recognition that knowledge and skills require to be maintained the programme identified the frequency with which each element is undertaken. Additionally, certain Boards or Committees, by the nature of their work, will have specific additional requirements.

The programme delivers through a range of e-learning, in house sessions delivered by recognised experts and access to external events and content.

Board appraisal

All Non-Executives are subject to an annual appraisal with the Chair. The appraisal focusses on both individual performance and the performance of the Board collectively. As part of this process individuals will have the opportunity to discuss and identify their CPD priorities for the year ahead based on the programme and discuss any additional requirements at individual and Board level.

Boards may request that a CPD event (s) be arranged for them as a specific cohort.

TABLE 2 – COMPETENCY FRAMEWORK/CPD PROGRAMME MAPPING

CPD offering	Delivery partner/method	Suggested frequency	Applicability			Competencies covered
			All	Board/Committee specific	Individual	
Role of the Non-Executive (inc. good practice in corporate governance)	One day workshop delivered in-house by IoD expert tutor	As part of induction and recommended triennially thereafter	√			**CG1-5, V5, ST1, DM1, FN1, ET1-5, PR1-4, SO1-3, IN1-5**
Legal and regulatory landscape	½ day session delivered by external legal advisors	Triennially or where any major changes have applied	√			**CG1, CG5, ST5**
	E-learning	Triennially or where any major changes have applied	√			**CG1**
Housing sector briefing	½ day workshop on key policy issues in housing sector – SFHA/SHR	Annually	√			**ST5, SR1**
Good practice in corporate governance	½ day session delivered by external expert	Triennially	√			**CG2, ST1, ST5, DM1**
Financial reporting	½ day session delivered by KMPG	Triennially			√	**FN2, FN3, AI2**
Strategic thinking – Mastering the art of strategic questioning	One day workshop delivered in-house by IoD expert tutor	Triennially			√	**SR2, SR3, AI1-4, DM1, SO1**
The role of the Chair	One day workshop delivered in-house by IoD expert tutor	In preparation for taking up a Chair role			√	**V1-6, LS1-4, AW1-4**
Boardroom engagement	One day workshop delivered in-house by IoD expert tutor	Triennially			√	**CG4, CG5, PR1-4**
FCA Regulation	½ day session delivered by FCA compliance advisor	Annually		√ (Solutions)		**CG1**
	E-learning	Annually		√ (Solutions)		**CG1, AI2**
Accounting technical update	Post Committee session from external auditors	Annually		√ (Audit Committee)		**CG1**
Financial reporting	Practical guidance on reviewing and interrogating financial statements	Trienally	√			**FN1-3**
Risk Management	Annual Board workshop	Annually	√			**CG7, CG8, DM2, DM3**
Cyber Security	Facilitated by external expert	Triennially	√			**CG1, CG7, CG8**
Equality, Diversity and Inclusion (EDI)	Facilitated by Business in the Community	Triennially	√			**CG1, AW1-4**
Individual mentoring	Delivered by independent, experienced mentor	As required			√	**SR1-3, L1-4, AW1-4**

Appendix 3 – 2024 CPD programme

Topic	Applicability	Outcome	Provider	Delivery method	Time commitment	Mandatory
Role of the non-executive (February)	New Board members; existing Board members	This course will provide knowledge and skills in identifying the attributes of an effective non-executive; understanding the legal and practical responsibilities of the role; how to contribute to an effective Board; developing strategic thinking.	Institute of Directors	In-person (Glasgow)	Full-day	Yes for new Board members
Equality, Diversity and Inclusion (May and September)	All	Knowledge and understanding of the roles and responsibilities of Board members; good practice in EDI; building an understanding of the opportunities afforded by having an effective approach to EDI.	Business in the Community	In-person (Glasgow and Edinburgh options)	1 hours	Yes
		Understanding of equality, diversity and inclusion and what it means for us. This course covers key elements of equality, diversity and inclusion legislation.	My Academy (in house)	Online	30 mins	Yes
Cyber security (May onwards)	All	Cyber security awareness that helps reduce avoidable security incidents by measuring and improving security behaviours in ever-changing personal and work environments.	My Academy (in house)	Online	30 mins	Yes
	All	Board members have a clearer understanding of the cyber security landscape as a strategic risk for the group	External advisors – NCC	In-person /online	90 minutes	Yes
Financial reporting (July/August)	All	Provides Board members with an understanding of financial reporting and how to review statutory accounts.	KPMG	In-person (Glasgow) and online	2 hours	No

Subsidiary and individual-specific training						
Topic	**Applicability**	**Outcome**	**Provider**	**Delivery method**	**Time commitment**	**Mandatory**
FCA regulation (May)	Wheatley Solutions	Information on the FCA regulation of Wheatley Solutions (WS) including details of why WS is regulated, WS key obligations, laws relevant to financial conduct.	Brodies LLP	In-person (post-Board)	1 hour	Yes
Health and social care sector outlook (April)	Wheatley Care	Knowledge of landscape and regulatory updates affecting the provision of our care services within our Group.	My Academy (in house)	In-person (pre-Board)	30 minutes	Yes
Role of the Chair	Future Chairs	This course is designed to support successor Chairs in stepping into their new roles/future roles.	IOD	In-person or online	1 day	Yes

Wheatley Homes Glasgow

Agenda Planner 2024

Meeting date	Items
22 March 2024 **+ Stock Tour**	2024/25 budget Home Safe Building Compliance Update Anti-social Behaviour Policy Framework EDI Action Plan Gender Pay Gap (presentation) Finance Report Governance update Group Procurement – annual strategy and policy updates
17 May 2024 **Strategy Workshop**	2023/24 ARC return and year end performance 2024/25 Delivery Plan and performance measures Supporting our customers - Wheatley Foundation Annual Report 2023-24 Fire prevention and mitigation update Health and Safety annual scorecard Customer insight Acquisitions and disposals update Finance report (loan portfolio submission, summary sheet, financial data and projections) Risk register Governance update
16 August 2024	Wheatley Homes Glasgow strategy (post-workshop) Repairs update Performance report 2022/23 Financial Statements Annual Internal Audit Report and opinion Governance Update Finance report

Meeting date	Items
13 September 2024 **Annual General Meeting and Board meeting**	New build development programme: mid-year review Annual SHR assurance report Group Sustainability update Equality, Diversity and Inclusion Governance update inc Modern Slavery Statement
22 November 2024	2025 rent setting Customer insight update Performance report Governance update (inc Board appraisals and succession plans) Health and safety update Finance report Risk register Group Assurance update
Unallocated	*Repairs updates* *Regeneration update*

Wheatley Homes Glasgow

Report

To: Wheatley Homes Glasgow Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance Report

Date of Meeting: 09 February 2024

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1. Purpose

1.1 The purpose of this paper is to provide the Board with a report on our financial performance for the period to 31 December 2023 and the Quarter 3 forecast.

2. Authorising and strategic context

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

3. Background

3.1 Financial performance

The results for the period to 31 December 2023 are summarised below.

	Year to Date (Period 9)		
	Actual £000	**Budget £000**	**Variance £000**
Turnover	171,108	167,615	3,493
Operating expenditure	(157,828)	(154,509)	3,319
Operating surplus	**13,280**	**13,106**	**174**
Operating margin	*7.8%*	*7.8%*	*0.0%*
Net interest payable	(34,812)	(34,351)	(461)
Deficit	**(21,532)**	**(21,245)**	**(287)**
Net Capital Expenditure	**60,590**	**67,872**	**7,282**

4. Discussion

4.1 *Period to 31 December 2023*

A statutory deficit of £21,532k has been reported for the period to 31 December 2023, which is £287k unfavourable to budget. The key driver of the variance is the higher level of demand for repairs increasing spend to deliver the service. The increased repairs spend is offset by unbudgeted grant income for adaptations to existing properties, additional new build grant due to timing of completion of the properties and reduced employee costs through the provision of funding for Wheatley 360 and Group Protection from the Wheatley Foundation.

4.2 Key points to note are:

- Underlying letting performance continues to be strong with net rental income £178k favourable to budget due to improved void performance. The year to date void rate of 1.15% compares to the budgeted rate of 1.27%.

- New build grant income of £1,970k relates to grant recognised on completion of 36 MMR units at Sighthill.

- Other grant income includes Scottish Housing Net Zero (SHNZ) and adaptations grant. Income is £1,490k higher than budget as a result of unbudgeted adaptations funding.

- Other income is £891k higher than budget, due to the receipt of additional wayleave income and receipt of L & A damages.

- In operating expenditure, total costs are £3,319k unfavourable to budget, reflecting the net impact of the higher spend in revenue repairs and maintenance.

  - Direct Employee costs are £1,405k less than budget, mainly due to Wheatley 360, CIP and Group Protection services being funded through the Wheatley Foundation.
  - Revenue repairs and maintenance spend is £6,239k higher than budget. The variance primarily relates to a higher than budgeted spend across responsive repairs; linked to higher demand for repairs (4.7% ytd increase in job numbers vs 2022/23). The improvement plan put in place earlier in the year has seen a reduction in the average cost of repairs jobs in the third quarter.
  - Bad debts are £1,291k lower than budget with improved performance continuing to December 2023.

- Net capital expenditure is £7,282k lower than budget. Net investment in our existing homes after taking account of fully funded SHNZ, energy efficiency and adaptations work is £39,888k which is £1,829k higher than budget. The variance mainly relates to higher capitalised voids and repairs, which are customer led which has been partially offset by a reduction in the investment programme, due to a reprofiling of the planned spend in the year to date.

- Net new build spend is £4,563k lower than budget principally linked to the timing of the commencement of regeneration works and lower than budgeted property acquisition opportunities.

[redacted]

4.3 The forecast reports a statutory deficit of £27,784k for the full year out-turn to March 2024, which is £2,304k unfavourable to budget.

4.4 The Q3 forecast has been prepared on a prudent basis and allows for a £8.5m increase in the repairs spend in recognition of repairs demand remaining high. Reactive repairs spend is in line with the previous forecast following the repairs improvement plan has been put in place with actions to increase the efficiency of the service and manage costs.

4.5 Other key variances to budget include:

- Total income is forecast to be £2,700k favourable to budget, with grant income received for the 2022/23 delayed completions at Sighthill and unbudgeted funding for adaptations to existing properties.

- Total expenditure is forecast to be £4,238k unfavourable to budget:

    - Employee costs and direct running costs are forecast to be £2,420k and £156k, respectively, lower than budget, following the provision of funding for Community Improvement Partnership and Group Protection activities by the Wheatley Foundation. The earlier than budgeted restructure in frontline services has also created additional savings in employee costs in the second half of the year.
    - Additional running cost savings of £293k have been identified including lower spend in Wheatley Solutions.
    - As noted above, repair costs have been forecasted at £8,507k higher than budget linked to the higher levels of customer demand experienced.

    - Bad debt costs have been forecast £1,321k lower, while still maintaining a conservative approach.

- Net capital expenditure is forecast to be £7,875k lower than budget, with the investment programme being £180k lower than budget. The forecast assumes the release of £1.3m investment works which had previously been deferred in response to higher repairs costs. New build expenditure is forecast to be £4,616k lower than budget. This is largely due to delays in the commencement of regeneration works and lower than budgeted property acquisition opportunities.

- The forecast variations to budget are managed within the overall parameters of the RSL Borrower Group budget for 2023/24 of which Glasgow is part. The RSL borrower group continues to remain compliant with covenants.

5. Customer Engagement

5.1 This report relates to our financial reporting and therefore there are 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 The statutory deficit for the period to 31 December 2023 is £287k unfavourable to budget. Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money. After adjusting the net operating surplus for new build grant income, depreciation, one-off payments not related to underlying surplus and including capital expenditure in our properties, an underlying deficit of £5,963k is reported which is £3,090k unfavourable to budget.

8.2 While an underlying deficit is reported, within the context of the RSL Borrower Group, an overall RSL underlying surplus is reported for the financial year to date with financial performance managed within the overall budget parameters and covenants for the RSL Borrowers.

8.3 Following the completion of the Q3 full year forecast out-turn and the higher level of certainty we have on the RSL borrower group financial performance for the final quarter of this year we are able to use some of our Golden Rule financial capacity to allow some additional investment works which were previously deferred to now go ahead. This is with the context of continuing to maintaining a good level of financial headroom against our covenants at the year end.

8.4 As is the case with the year to date results, the Q3 full year out-turn reports an underlying deficit, however across the RSL borrower group an overall underlying surplus is reported and we remain compliant with all covenants. The full year out-turn results form the opening position for our updated financial projections which demonstrate ongoing financial viability.

9. Legal, regulatory and charitable implications

9.1 There are no direct legal, regulatory and charitable implications arising from this report.

10. Risk Appetite and assessment

10.1 The Group's risk appetite in respect of development is "open", which is defined as willing to choose the option "*most likely to result in successful delivery while also providing an acceptable level of reward*". The Group's risk appetite in respect of governance is "cautious" which is defined as "*preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*".

10.2 Raising funding to support our ambitions is a Strategic Outcome under the Theme of Enabling our Ambitions. Our agreed risk appetite for the operational delivery of raising funding is cautious, preferring safe delivery options that have a low degree of inherent risk. The previous track record of dealing with Allia, the associated pricing and the unsecured nature of the loan meets this risk criteria. The facility will be arranged at the Group treasury vehicle level (WFL1) which means it can be on-lent to any of the Wheatley RSL's, with all parties benefitting from the strong negotiating power of the wider Group for pricing and other terms & conditions.

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 for the period to 31 December 2023 and the Q3 forecast for 2023/24.

13. Recommendations

13.1 The Board is asked to note the Finance Report for the period ended 31 December 2023 and Q3 forecast.

LIST OF APPENDICES:-

Appendix 1: Period 9 – 31 December 2023 Finance Report

Period to 31 December 2023

Finance Report

1a. Operating statement – Period to 31 December 2023

Wheatley Homes Glasgow

	Period To December 2023 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	158,018	158,029	(11)	210,343
Void Losses	(1,814)	(2,003)	189	(2,666)
Net Rental Income	156,204	156,026	178	207,677
Grant Income New Build	1,970	996	974	4,109
Grant Income Other	4,276	2,786	1,490	5,044
Other Income	8,658	7,807	851	11,505
Total Income	**171,108**	**167,615**	**3,493**	**228,335**
EXPENDITURE				
Employee Costs - Direct	25,299	26,704	1,405	35,363
Employee Costs - Group Services	13,045	13,153	108	17,237
ER / VR	2,940	2,940	0	4,820
Direct Running Costs	9,946	9,969	23	11,687
Running Costs - Group Services	6,445	6,671	226	8,895
Revenue Repairs and Maintenance	41,054	34,815	(6,239)	45,386
Bad debts	1,539	2,830	1,291	3,774
Depreciation	57,427	57,427	0	76,569
Demolition	133	0	(133)	0
TOTAL EXPENDITURE	**157,828**	**154,509**	**(3,319)**	**203,731**
NET OPERATING SURPLUS / (DEFICIT)	**13,280**	**13,106**	**174**	**24,604**
Net operating margin	*7.8%*	*7.8%*	*-0.1%*	11%
Interest payable & similar charges	(34,812)	(34,351)	(461)	(50,084)
STATUTORY SURPLUS / (DEFICIT)	**(21,532)**	**(21,245)**	**(287)**	**(25,480)**

INVESTMENT	Period To December 2023 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
Total Capital Investment Income	**11,090**	**8,965**	**2,125**	**15,557**
Investment Programme Expenditure	39,888	38,059	(1,829)	55,281
New Build Programme	27,322	31,885	4,563	46,447
Other Capital Expenditure	4,470	6,893	2,423	9,506
TOTAL CAPITAL EXPENDITURE	**71,680**	**76,837**	**5,157**	**111,234**
NET CAPITAL EXPENDITURE	**60,590**	**67,872**	**7,282**	**95,677**

Key highlights period to date:

Net operating surplus of £13,280k is £174k favourable to budget. Statutory deficit for the period to 31 December is £21,532k, which is £287k unfavourable to budget. The main driver of the variance is higher than budgeted repairs spend linked to a higher demand partly offset by a favourable income position and reduced employee costs..

- Net rental income is £178k favourable to budget. Void losses are £189k lower than budget and represent a 1.15% void loss rate compared to the budgeted rate of 1.27%.
- New build grant income is £974k higher than budget, with 36 MMR units completing at Sighthill including 16 units delayed from 2022/23. All units in this current phase at Sighthill are now complete.
- Other grant income is £1,490k higher than budget with unbudgeted grant being recognised for 2023/24 medical adaptations.
- Other income is £851k favourable to budget linked to higher Wayleave income, additional furnished lets income (offset by additional costs) and receipt of L&A damages in relation to the Sighthill, which is partially offset by a reduction in MMR income due to the Sighthill delay.
- Total employee costs (direct and group services) are £1,513k favourable to budget, mainly due to W-360 CIP and Group Protection services having funding provided through Wheatley Foundation.
- Total running costs (direct and group services) are £249k favourable to budget with Group recharges £226k favourable to budget due to lower costs in Wheatley Solutions.
- Revenue repairs and maintenance spend is £6,239k unfavourable to budget with spend across responsive repairs £5,663k higher than budget, and cyclical and compliance spend £53k higher than budget, due to the reprofiling of the programme. The spend on reactive repairs is linked to higher demand for repairs (4.7% ytd increase in job numbers vs 2022/23). An improvement plan is in place to monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within the forecast spend.
- Net Interest payable is £461k unfavourable to budget linked to a higher variable rate than assumed in the budget at this point in the year.

Net capital expenditure of £60,590k is £7,282k lower than budget.

- Capital investment income (grants) is £2,125k higher than budget linked to unbudgeted medical adaptations grant of £1,500k, in addition to £625k of new build grant income linked to the timing of claims.
- Investment programme spend is £1,829k unfavourable to budget with higher spend in capitalised voids, capitalised repairs and overhead, partially offset by reduced core programme spend. An improvement plan has been put in place to monitor the drivers of costs, improve efficiency and keep investment spend within the forecast spend.
- Net new build spend is £4,563k lower than budget following a delay in the commencement of regeneration works and lower than budgeted property acquisition opportunities.
- Other capital expenditure of £4,470k is £2,423k lower than budget mainly driven by a reprofiling of planned works on corporate offices including Nets depots and concierge stations and IT projects.

1b. Underlying surplus

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

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

- The chart below therefore shows a measure of underlying surplus 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.

- At December, an underlying deficit of £5,963k has been generated using this measure which is £3,090k unfavourable to budget. The variance is driven by higher customer demand for responsive repairs and higher capital investment spend in voids and capitalised repairs, partially offset by favourable variances across income.

WHG Underlying Surplus December 2023

	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	13,280	13,106	174	24,604
add back:				
Depreciation	57,427	57,427	0	76,569
less:				
Grant income	(1,970)	(996)	(974)	(4,109)
Net interest payable	(34,812)	(34,351)	(461)	(50,084)
Total expenditure on Investment Programme	(39,888)	(38,059)	(1,829)	(55,281)
Underlying surplus/(deficit)	**(5,963)**	**(2,873)**	**(3,090)**	**(8,301)**

2a. Repairs & Investment Programme

Repairs	YTD P9 Actual £ks	Budget £ks	Variance £ks	FY budget £ks
Responsive Repairs	22,543	16,880	(5,663)	22,983
Cyclical (local)	520	723	203	1,022
CBG credit/JV Share of profits	(3,365)	(3,365)	0	(7,067)
Compliance/Overhead	21,356	20,577	(779)	28,448
Total Repairs	**41,054**	**34,815**	**(6,239)**	**45,386**

Investment Programme Grant Income	YTD P9 Actual £ks	Budget £ks	Variance £ks	FY budget £ks
SHNZ	2,465	2,465	0	4,617
Medical adaptations	1,500	0	1,500	0
Total	**3,965**	**2,465**	**1,500**	**4,617**
Investment Programme	**Actual**	**Budget**	**Variance**	**FY Budget**
Core programme (excl SHNZ)	10,464	13,491	3,027	21,149
SHNZ	2,465	2,465	0	4,317
Capitalised Voids	8,249	7,899	(350)	10,552
Adaptations	2,063	2,080	17	2,773
Capitalised staff	4,772	4,296	(476)	5,718
City Building ovh allocated	5,799	5,082	(717)	6,795
Capitalised Repairs	6,075	2,745	(3,330)	3,977
Total	**39,888**	**38,059**	**(1,829)**	**55,281**
Net Investment Spend	**35,923**	**35,594**	**(329)**	**50,664**

Repairs & maintenance:

- Repairs and maintenance costs are £6,239k over budget at the end of December.
- Responsive repairs are higher than budget by £5,663k, due to an on-going increase in customer demand, with an 4.7% increase in completed jobs YTD compared to the same period in 2022/23.
- Cyclical repairs are £203k under budget following a re-profile of the programme.
- Overall compliance and overhead expenditure is £779k unfavourable to budget. This is mainly driven by higher gas servicing and lift maintenance costs, which have been partially offset by favourable variances in stair lighting and boiler works.
- To address the continued increase in demand for repairs a number of mitigating actions and business rules have been put in place by the My Repairs team to control repairs spend within the forecast spend.

Investment programme:

- Net investment in our existing homes, after taking account of funded SHNZ energy efficiency works and adaptations, was £35,923k which was £329k higher than budget. The variance mainly relates to higher capitalised repairs and voids, partially offset by receipt of grant income for adaptations and re-profile of the core programme.
- Core programme expenditure of £10,464k is £3,027k favourable to budget, following the reprofiling of several programmes.
- Spend of £2,465k on SHNZ projects is reported by end of P9, which is fully funded by grant from Scottish Government.
- Void costs, which include the cost of the Nets void squad, are capitalised in line with Group policy.
- The average spend per job increased by 11% for capitalised repairs in comparison to the same period last year.
- Adaptations spend of £2,063k has been reported at the end of December, against a budget of £2,080k. Of the year to date spend £1,500k is covered by grant income recognised.
- To address the increase in spend in capitalised repairs and voids a number of mitigating actions and business rules have been put in place by the My Repairs team to control capitalised investment spend within the forecast spend.

2b. New Build Programme Spend

			YTD P9			Full Year
	*Status	Contractor	Actual £ks	Budget £ks	Variance £ks	FY Budget £ks
Springfield Rd	TBC	-	17	0	(17)	221
Abbotshall Avenue	Feasibility	MCTAGGART	411	18	(393)	310
99 Main St Baillieston	TBC	-	0	0	0	5
Damshot	Complete	CCG	44	70	26	70
Auchinlea	Complete	ENGIE	3	129	126	129
Shandwick St	On site	CCG	2,565	0	(2,565)	0
Kelvin Wynd	On site	-	2,391	4,429	2,038	6,260
Total Social rent			**5,431**	**4,646**	**(785)**	**6,995**
[redacted]						
Development fund	-	-	0	0	0	353
Acquisitions	-	-	121	4,550	4,429	6,500
Capitalised Insurance			25	0	(25)	0
Capitalised Interest	-	-	0	0	0	714
Capitalised staff	-	-	2,414	2,507	93	3,334
Total New Build Investment			**27,322**	**31,885**	**4,563**	**46,447**
Grant Income			**7,094**	**6,470**	**624**	**10,900**
Net new Build cost			**20,228**	**25,415**	**5,186**	**15,037**
Grant Income completions (recognised in OPS)			**1,970**	**996**	**974**	**4,109**

Net spend on new build properties of £20.2m has been incurred by end of December. This is £5.2m lower than budget.

Social Rent:

- **Abbotshall Avenue (SR/67)**: Site start remains 2024/25 as budgeted however feasibility work has commenced resulting in spend ahead of budget. Planning submitted September 2023. Working towards acquiring land by March 2024.

- **Shandwick St (SR/47):** The site was fully acquired on 31st March 2023 and the acquisition offer of grant was accepted and drawn down in 2022/23. The project was budgeted to start on site in 2024/25 but following board approval works commenced in September and are progressing well.

- **Kelvin Wynd:** The demolition tender was approved by Board and works commenced in August 2023, later than budgeted, following completion of the rehousing programme at two of the blocks. The final block is expected to be handed over by during Q4.

[redacted]

3. Balance Sheet

	31 December 2023 £ks	31 March 2023 £ks
Fixed Assets		
Social Housing Properties	1,601,562	1,583,777
Other tangible fixed assets	54,693	58,227
Investment properties	71,940	71,940
Investments - other	12,073	12,073
Fixed Assets	**1,740,268**	**1,726,017**
Debtors Due More Than One Year		
Inter Company Loan	18,325	18,325
Pension Asset	2,505	2,505
Current Assets		
Trade debtors	1,286	1,108
Rent & Service charge arrears	12,335	12,167
less: Provision for rent arrears	(8,190)	(7,619)
Prepayments and accrued income	6,978	2,851
Intercompany debtors	10,283	11,266
Other debtors	4,980	5,760
	27,672	**25,533**
Bank & Cash	2,861	4,270
Current Assets	**30,533**	**29,803**
Current Liabilities		
Trade liabilities	(5,734)	(3,671)
Accruals	(21,717)	(29,664)
Deferred income	(16,267)	(10,864)
Rents & service charges in advance	(11,556)	(10,794)
Intercompany creditors	(32,124)	(34,232)
Other creditors	(11,250)	(12,683)
	(98,648)	**(101,908)**
Net Current Assets	**(68,115)**	**(72,105)**
Long Term Liabilities		
Contingent efficiencies grant	(47,914)	(47,914)
Bank finance	(1,012,703)	(972,703)
Provisions	(1,645)	(1,872)
Deferred income	(14,431)	(14,431)
Long Term Liabilities	**(1,076,693)**	**(1,036,920)**
Net Assets	**616,290**	**637,822**
Capital & Reserves		
Retained Income b/fwd	200,235	207,150
Income & Expenditure	(21,532)	(6,915)
Revaluation Reserves	437,587	437,587
Funding Employed	**616,290**	**637,822**

Key Commentary:

The balance sheet reported reflects the 31 March 2023 year end statutory adjustments, including the revaluation of both housing and investment properties, actuarial valuation of the defined benefit pension scheme and the fair value of the Scottish Government loan.

- **Fixed assets:** movements from the year end reflects investment in existing properties, the new build programme, and any other fixed asset additions, less depreciation to date.
- **Current Assets (excluding cash)** are £2.1m higher than the March 2023 position, due to an increase in prepayments which has been partially reduced by a reduction in intercompany balances and other debtors. Rent debtor has also reduced by £400k, mainly due to an increase in the bad debt provision.
- **Debtors due after more than one year:** The intercompany loan debtor relates to the convertible debt with Lowther Homes Limited and is revalued on an annual basis as part of the statutory accounts.
- **Short-Term Creditors:** Amounts due within one year are £3.3m lower than the March 2023 position mainly due to reduction in accruals and timing of intercompany settlements.
- **Long term bank finance loans** net of amortised fees are £1,012.7m and relate to funding drawn down from WFL1.

4. Q3 Forecast

	Full Year 2023/24		
	Forecast £k	Budget £k	Variance £k
INCOME			
Rental Income	210,103	210,343	(240)
Void Losses	(2,446)	(2,666)	220
Net Rental Income	**207,657**	**207,677**	**(20)**
Grant Income New Build	**5,963**	**4,109**	**1,854**
Grant Income Other	**5,442**	**5,044**	**398**
Other Income	**11,973**	**11,505**	**468**
Total Income	**231,035**	**228,335**	**2,700**
EXPENDITURE			
Employee Costs - Direct	32,943	35,363	2,420
Employee Costs - Group Services	17,158	17,237	79
ER / VR	4,820	4,820	0
Direct Running Costs	11,531	11,687	156
Running Costs - Group Services	8,602	8,895	293
Revenue Repairs and Maintenance	53,893	45,386	(8,507)
Bad debts	2,453	3,774	1,321
Depreciation	76,569	76,569	0
Demolition	120	0	(120)
TOTAL EXPENDITURE	**208,089**	**203,731**	**(4,358)**
OPERATING SURPLUS / (DEFICIT)	**22,946**	**24,604**	**(1,658)**
Interest Payable	(50,730)	(50,084)	(646)
STATUTORY SURPLUS / (DEFICIT)	**(27,784)**	**(25,480)**	**(2,304)**

	Full Year 2023/24		
	Forecast £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**17,918**	**15,557**	**2,361**
Investment Programme	55,101	55,281	180
New Build	41,831	46,447	4,616
Other Capital Expenditure	8,788	9,506	718
TOTAL CAPITAL EXPENDITURE	**105,720**	**111,234**	**5,514**
NET CAPITAL EXPENDITURE	**87,802**	**95,677**	**7,875**

Key Commentary:

The forecast operating surplus of £22,946k is £1,658k unfavourable to budget. After taking account of financing costs, the statutory deficit of £27,784k is £2,304k unfavourable to budget.

Total income forecast of £231,035k is £2,700k higher than budget:

- Net rental income is £20k unfavourable to budget. Rental income is forecast to be £240k lower than budget due to a reduction in the forecast number of property acquisitions. Void losses are forecast to be £220k lower than budget with the forecast taking a conservative approach to future performance.
- New build grant income is forecast at £1,854k higher than budget with grant income for the delayed 16 units at Sighthill from 2022/23 being recognised in 2023/24 and unbudgeted grant income receivable for property acquisitions.
- Other grant income is £398k higher than budget following the confirmation of unbudgeted adaptations funding of £1,500k from GCC, partially offset by a reduction in SHNZ grant income, following a re-profile of the programme.
- Other income is £468k higher than budget, mainly driven by higher Wayleave income, and receipt of L&A damages in relation to the Sighthill new build.

Total Expenditure of £208,089k is £4,358k higher than budget:

- Direct employee costs and direct running costs are expected to be £2,420k and £156k favourable to budget, respectively, mainly driven by the transfer of W-360 CIP and Group Protection services to Wheatley Foundation, with the related savings in running costs partially offset by an increase in insurance costs. The earlier than budgeted restructure in frontline services has also created additional savings in employee costs.
- Group services employee costs and running costs are expected to be £79k and £293k to budget respectively favourable from savings generated within Solutions.
- The forecast out-turn for repairs and maintenance costs has been prepared on a prudent basis and provision has been made for a £8,507k increase linked to the higher levels of customer demand experienced YTD, noting that this is partially offset by a deferral of the core investment programme.
- Bad debts are £1,321k lower than budget with the forecast taking a conservative approach to future performance.

Interest is forecast to be £646k higher than budget linked to timing of balances drawn than assumed in the budget and a higher variable rate than assumed in the budget.

Net capital expenditure is forecast at £87,802k, £7,875k lower than budget.

- Investment programme is forecast to be £180k lower than budget, with an increase in costs for voids and capitalised repairs being offset by reduced spend in the core investment programme due to reprofiling of planned works. The forecast includes a release of an element of previously deferred planned core investment works between December and March. These projects had previously been re-phased in the Q2 forecast to assist with higher repairs costs
- New build expenditure is forecast to be £4,616k lower than budget. This is largely due to delays in the commencement of regeneration works and lower than budgeted property acquisition opportunities.
- Capital investment income is forecast £2,361k higher than budget following receipt of £1,500k of adaptations grant funding and earlier than budgeted grant receipts at Shandwick, in addition to unbudgeted grant funding for acquisitions, partially offset by lower receipts for Shawbridge Arcade and Spoutmouth.
- Other fixed assets planned spend on corporate offices and IT projects have been reprofiled resulting in an overall reduction in spend of £718k.

4b. Q3 Forecast underlying surplus

- As with the year to date results to 31 December 2023, the Q3 Forecast full year out-turn Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

- An underlying deficit of £13,276k is expected for the full year as shown below after adjusting to exclude the accounting adjustments for the recognition of grant income, group gift aid and depreciation, but including capital expenditure on our existing properties to reflect the underlying cash surplus/deficit.

- The forecast underlying deficit is £3,987k higher than the budgeted full year deficit and reflects the additional financial provision for repairs with capacity being provided in part through the investment programme and other operational efficiencies. Across the wider RSL borrower group, the forecast full year out-turn remains in a surplus position and within available financial capacity and covenant compliance.

WH Glasgow Underlying Surplus/(Deficit) - Q3 forecast 23/24			
	Forecast £k	Budget £k	Variance £k
Net operating surplus	22,946	24,604	(1,658)
add back:			
Depreciation	76,569	76,569	0
less:			
Grant income	(5,963)	(4,109)	(1,854)
WDS gift aid income	(997)	(988)	(9)
Net interest payable	(50,730)	(50,084)	(646)
Total expenditure on Investment Programme	(55,101)	(55,281)	180
Underlying surplus/(deficit)	**(13,276)**	**(9,289)**	**(3,987)**

Wheatley Homes
Glasgow