DUNEDIN CANMORE HOUSING

BOARD MEETING

Thursday 10 February 2022 at 5pm
By videoconference

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of 11 November 2021 and matters arising
   b) Action List

Main Business Items

4. East of Scotland partnership [redacted]

5. a) New group development vehicle [redacted]
   b) Five-year development programme
   c) DCH new build approval: Wallyford area 5 acquisition

6. a) Five-year investment programme
   b) Heat and smoke detector update (Presentation)

7. a) Rent and other charges 2022/23
   b) Five-year financial projections

8. Strategic governance review

9. Group Health and Safety policy

10. Group dampness, mould and condensation policy

Other Business

11. Customer First Centre update

12. Performance report

13. Finance report

14. Funding update [redacted]

15. Corporate risk register

16. AOCB

Report

To:	**Dunedin Canmore Housing Board**
By:	**Lindsay Lauder, Director of Development and Regeneration**
Approved by:	**Tom Barclay, Group Director of Property and Development**
Subject:	**Five-year development programme**
Date of Meeting:	**10 February 2022**

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1. Purpose

1.1 To seek approval for the DCH five-year development programme.

2. Authorising and strategic context

2.1 The responsibility for operational oversight of the Group development programme now rests with the Group Development Committee, in line with the Committee's terms of reference approved by the Wheatley Housing Group Board. This is in the context of our approval of the five year development programme.

2.2 A copy of the five-year development programme was presented to the Group Development Committee on 27 January 2022 and will be presented to the Wheatley Housing Group Board on 23 February 2022.

2.3 The Scottish Government's key housing policy document, *Housing to 2040,* and the subsequent Bute House Agreement (SNP agreement with the Scottish Green Party, August 2021), confirmed the Scottish Government's ambition to deliver 110,000 affordable homes by 2032 as well as moving towards decarbonising Scotland's domestic (and non-domestic) buildings.

2.4 Linked to this, in July 2021, Scottish Government provided Edinburgh with four-year resource Planning Assumptions (RPA), confirming grant for 2021-26 of £233.824m and £60.894m for East Lothian. Longer-term RPAs are a key enabling mechanism for the Council and its partners, providing greater certainty and confidence in the programme and capacity for future delivery.

3. Risk appetite and assessment

3.1 The Group's risk appetite in respect of the new build development programme is "open", which is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward*".

3.2 A key risk is that we do not identify a pipeline of development opportunities to realise our assumed development programme. This could lead to us not constructing enough units to repay our borrowing levels or achieve assumed reductions in management cost levels. To mitigate this risk, we have brought together a strong programme of named sites in the proposed five year programme. In addition, we have a further pipeline of additional sites, that are subject to regular dialogue with the local authority and developers.

3.3 While the overall grant allocation over the coming years is strong, there remains a risk that development costs continue to increase and the Scottish Government grant criteria (which the Council use to assess applications) do not provide for sufficient subsidy to make individual projects viable. This is also a risk in the context of the increasing green specification for new build projects; with the requirement that any schemes granted building warrant from 2024 will need to have zero carbon heating systems.

3.4 The new subsidy regime announced by Scottish Government in late 2021 increases the benchmark grant level and provides additional top-up grant for low carbon elements. The benchmark level is to be reviewed on an annual basis which will allow for ongoing monitoring of the cost associated with new homes meeting zero carbon ambitions. However, we continue to stress test our business plan at RSL and Group level to ensure we would not be adversely impacted were development to become unviable/uneconomic and we had to reduce our programme due to these factors.

4. Background

4.1 Over the last 6 years, DCH has completed 865 new affordable homes, with 53 further properties expected to complete in 2021/22.

4.2 The Covid-19 pandemic, Brexit, global economic factors and material supply issues have impacted significantly on our development programme through 2020/21 and across 2021/22. The cessation of construction activity during the initial lockdown, followed by new procedures agreed between the construction industry and the Scottish Government for safe site operations, has enabled construction activity to continue but productivity has been impacted.

4.3 Material supply issues impacted our development programme throughout 2021/22. They are reported to be a combination of pressure on product availability in the UK market, driven by high demand and wider global issues caused by Covid-19 and Brexit (also linked to the availability of labour). The findings of a materials survey which we completed was reported to the Group Development Committee in September and has been shared with the Scottish Government and SFHA.

4.4 We have taken on board remaining uncertainty linked to Covid-19, Brexit and material and labour supply issues when considering the planning and Business Plan implications of the Group five year programme.

5. Customer engagement

5.1 The proposed housing and tenure mixes across the programme will be agreed with DCH Housing Management or Lowther Homes, the Strategic Authority and are based on housing needs in the area.

5.2 In line with the group's strategy, Customer Voices; we will involve customers in the development process and provide customer choices in kitchen colours and finishes.

6. Discussion

Development Footprint

6.1 Our future development pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational area. For us this continues to be driven by Local Authority Housing Strategy and the associated Strategic Housing Investment Programme.

6.2 Lowther Homes will take forward a significant programme of mid-market rent housing through its own new build five-year development programme including development of a small number of sites within the DCH strategic footprint, including Victory Lane, Wallyford.

6.3 The planning of our programme involves discussions with the respective local authorities, Scottish Government More Homes Division, in addition to signalling of our interest in these areas to our network of national house builders and private sector developer contacts.

Development appraisal criteria

6.4 The Group Development Committee in October 2019 approved the criteria that forms the basis for assessing new development opportunities. On the basis that proposed projects are included in the respective RSL's approved five-year development programme, the following criteria must also be met for any new development project to be eligible for approval:

Criteria	Measure/Test
Local Housing Strategy	Contribute to the Local Housing Strategy of the respective local authority. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
Building and strengthening strategic partnerships/ relationships	Contribute to strengthening our relationship with local authorities and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
Improving customer choice	The housing mix will be developed in consultation with DCH Housing Management and respond to known and anticipated housing need for social rented housing and in conjunction with Lowther Homes for our future mid-market rent programme.
Housing Market Areas	Within the agreed local authority areas unless otherwise agreed with the Group Board and the respective RSL.
Internal Rate of Return	The Internal Rate of Return shall be a minimum of 5.7% over 30 years.
Debt	Borrowing required would not exceed total assets.
Borrowing	Borrowing will be repaid within 30 years.
Valuation Growth	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

6.5 Accordingly, the Development Committee has the authority to approve projects where they meet the agreed criteria. This allows a balance between a strategic programme role, and the ability to set clear parameters for projects to proceed.

6.6 Where any of these criteria are not met the project may be referred by the Development Committee, where it considers there to be an exceptional reason for proceeding, to the respective RSL Board for consideration.

5 Year Development Programme

6.7 The revised business plan assumes we will complete 749 units of affordable housing new supply units over the next five financial years from 2022/23.

6.8 Table 1 below sets out the DCH programme by year to 2026/27, with more detailed information provided at appendix 1.

Table 1 – DCH Programme

Team	22/23	23/24	24/25	25/26	26/27	Total
Social	80	122	147	147	50	546
MMR	12	0	109	52	30	203
Total	92	122	256	199	80	749

6.9 Proposed future funding requirements are being presented to the DCH Board on 10 February 2022. If approved and following the completion of the follow on legal process and Group Board approval of the final documents; this will offer DCH the capacity to deliver around 5,000 new homes over the next 10 years. The proposed merger with WLHP will also bring a stronger pipeline in West Lothian. This is a significant increase in the number of new homes built from an average of circa 130 units per annum for DCH in the first 10 years of development activity since DCH joined Wheatley and will help to deliver the strong pipeline of opportunities that exists in the East of Scotland development programme. A revised programme for the increased number of units will be brought to Board at a future date.

6.10 The DCH pipeline contains projects which are live and allocated to DCH in the respective local authority SHIP and represent deliverable opportunities in the event that capacity exists for them to move forward. Additionally, DCH continue to have an involvement with longer term opportunities that will contribute to its future development programme beyond the lifespan of the current plan period.

7. Digital transformation alignment

7.1 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high speed internet services quickly at point of entry, without additional works having to be carried out by their internet service provider.

8. Financial and value for money implications

8.1 Our business plan assumes a net cost of £71.2m over the next five years for DCH. The successful delivery of the development programme helps us realise the wider assumptions within DCH's financial projections. The summary of the development costs and grant over the next five years is presented in the table below:

Table 2 – Financial Expenditure and Grant

Investment in new properties - DC	**Forecast**				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
	2022.23	**2023.24**	**2024.25**	**2025.26**	**2026.27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Development Costs	28,773	31,566	21,153	17,711	20,360
Grant Income	16,832	8,806	7,048	9,063	6,574
Total Net Development Cost	**11,941**	**22,760**	**14,105**	**8,648**	**13,768**
Completions	*92*	*122*	*256*	*199*	*80*

8.2 In line with our approved methodology for the appraisal of new build schemes, a forecast cash-flow is prepared based on the cost of a development, and our assessment of the development's future income, management, maintenance and lifecycle costs.

8.3 This cash-flow is used to calculate certain key indicators including net present value (NPV) and internal rate of return (IRR) to ensure it generates sufficient return to cover cost of funds plus a margin for risk. The minimum requirement for social and mid-market rent schemes is 5.7%.

8.4 Continued use of both our Group contractor framework, and where appropriate access to external contractor frameworks, combined with seeking to extend our developer partnerships for land led opportunities, should continue to offer the Group a significant programme of development.

8.5 This combination will allow us to achieve tangible benefits for tenants as increased efficiency can enable us to deliver better value for money.

9. Legal, regulatory and charitable implications

9.1 On a regular basis details of the Group development programme are shared with the Scottish Housing Regulator. The SHR has been briefed on the Group Development Committee's role in overseeing governance on the development programme.

9.2 Legal support for the Development Programme is provided via both our in house and Framework Solicitors as required.

9.3 In keeping with Group approach, the construction obligations in the Building Contract will allow contractors to claim additional time as a result of a recurrence of Covid 19. There will be no entitlement to claim additional money.

9.4 Where projects are awarded directly through Section 75 agreement or developer led opportunities, the group is taking advantage of a commercial opportunity that has been offered to us. Where developers are not called off the group Framework Agreement our experience of the current market suggests that the likelihood of any procurement challenge is low and is mitigated by the willingness of the Group to consider opportunities presented by other developers. Taking advantage of new opportunity is considered to be in the best interests of the Group and contributes to our strategic growth plans

10. Equalities implications

10.1 Within the programmes, all new build units are designed to Housing with Varying Needs (Part 1), as integrated into the 'Edinburgh' mandatory standard promoted by the local authority. The inclusion of wheelchair units in some local authority areas is a standard funding requirement.

11. Environmental and sustainability implications

11.1 The properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC level of this development will be Band B and we will work with Design Teams to develop an approach to zero carbon emissions homes.

11.2 The properties also feature photovoltaic panels that convert sunlight into electricity. Along with a highly efficient thermal specification theses solar generation systems help the project exceed the target emission rates required by building standards. Taken as a whole, the specification helps customers reduce their energy bills.

12. Recommendation

12.1 The Board is asked to approve the details of the DCH five year development programme as summarised in this report.

List of Appendices

Appendix 1 – DCH five-year development programme

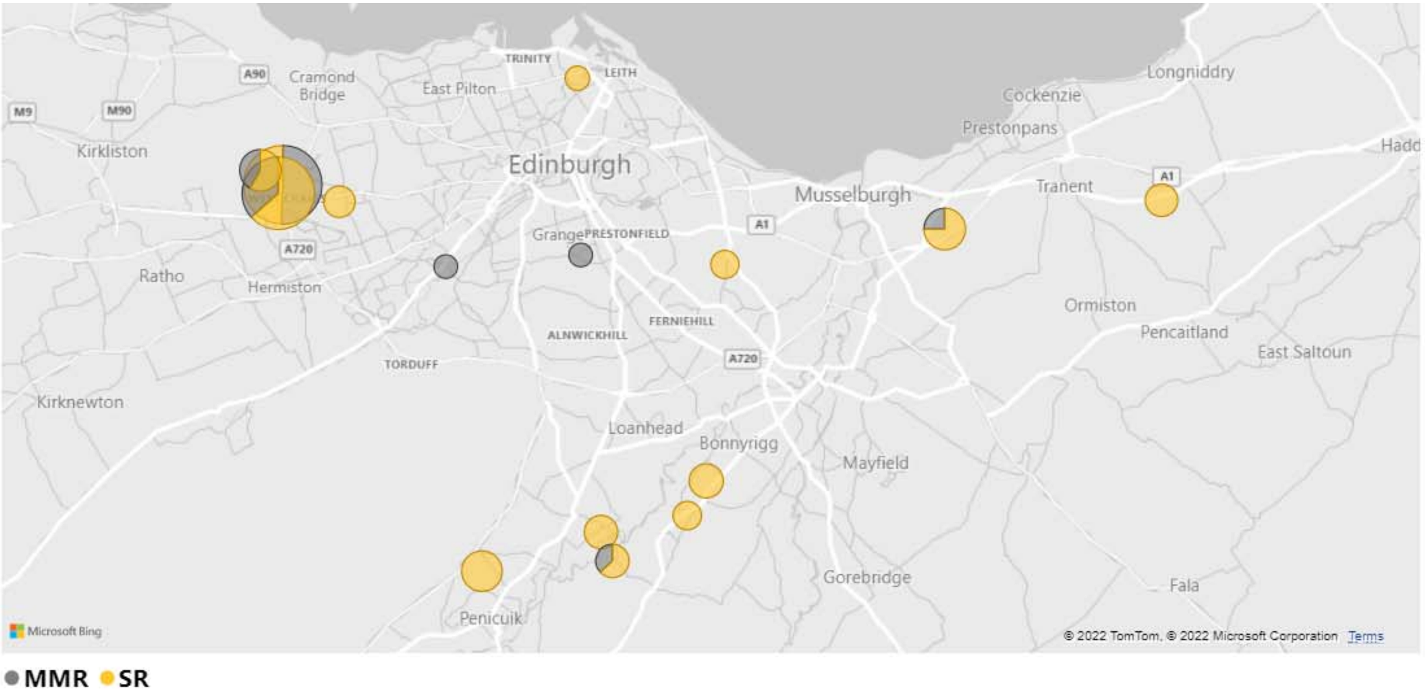
5 Year Plan

2022/2023 to 2026/2027

Dunedin Canmore

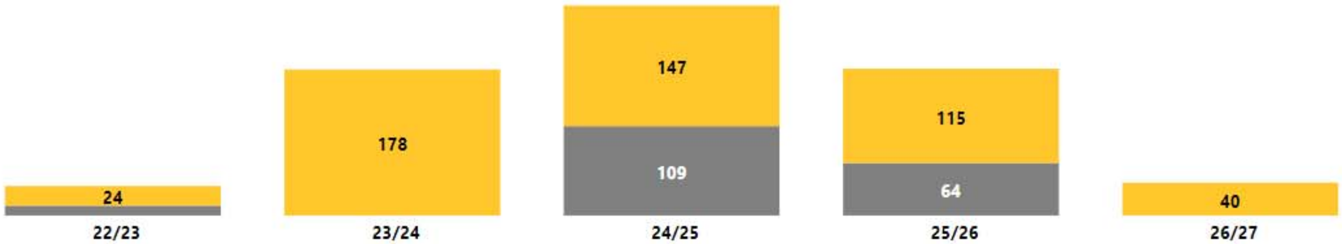
Programme

Year of Completion	Project	21/22	22/23	23/24	24/25	25/26	26/27	27/28	5 Year Plan
21/22	Longniddry	10							
	Newmills Road, Phase 2	27							
	South Gilmerton	42							
22/23	Lanark Road, Edinburgh		12						12
	The Wisp Phase 3C	11	24						24
23/24	Macmerry			36					36
	Penicuik		37	20					57
	Roslin Ph1		19	19					38
	Rowanbank			33					33
	South Fort Street			14					14
24/25	Roslin Ph2				38				38
	Wallyford Area 7				60				60
	West Craigs Phase 1 (Plot 4)				158				158
25/26	Rosewell					25			25
	St Crispins					12			12
	West Craigs Phase 2 (Plot 5)					142			142
26/27	Dalhousie South					20	20		40
27/28	Wallyford Area 5							90	
	West Craigs Phase 3 (Plot 13)						60	65	60
Total		90	92	122	256	199	80	155	749



Building in:

Balerno
Blackford, Edinburgh
Bonnyrigg
East Lothian
Edinburgh East
Edinburgh West
Gilmerton, Edinburgh
Leith
Midlothian
Rosewell
Roslin
Slateford



Projects

The Wisp Phase 3C

RSL: DC
LA: City of Edinburgh
Area: Edinburgh East
Contractor: Springfield
Year of Completion: 22/23
Total Units: 35
Tenure: SR
Current Status: On Site & Completed
In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total	11	24					
SR	11	24					
MMR							

Macmerry

RSL: DC

LA: East Lothian

Area: East Lothian

Contractor: Balfour Beatty

Year of Completion: 23/24

Total Units: 36

Tenure: SR

Current Status: Approved & Due On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total			**36**				
SR			36				
MMR							

Penicuik

RSL: DC

LA: Midlothian

Area: Midlothian

Contractor: Cala

Year of Completion: 23/24

Total Units: 57

Tenure: SR

Current Status: On Site & Completed

In SHIP: Yes

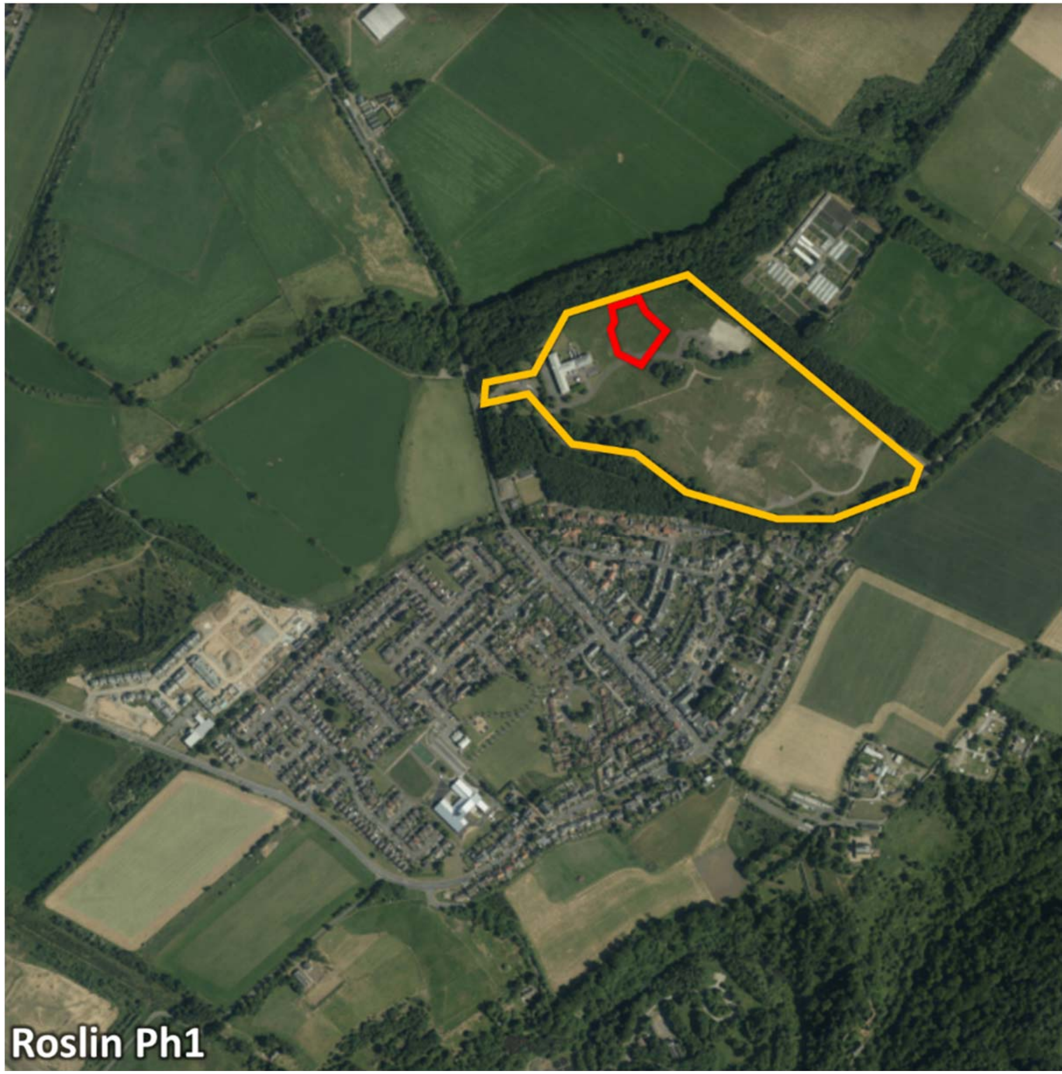
	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total		**37**	**20**				
SR		37	20				
MMR							

Dunedin Canmore

Roslin Ph1

RSL:	DC
LA:	Midlothian
Area:	Midlothian
Contractor:	Taylor Wimpey
Year of Completion:	23/24
Total Units:	38
Tenure:	SR
Current Status:	On Site & Completed
In SHIP:	Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total		**19**	**19**				
SR		19	19				
MMR							

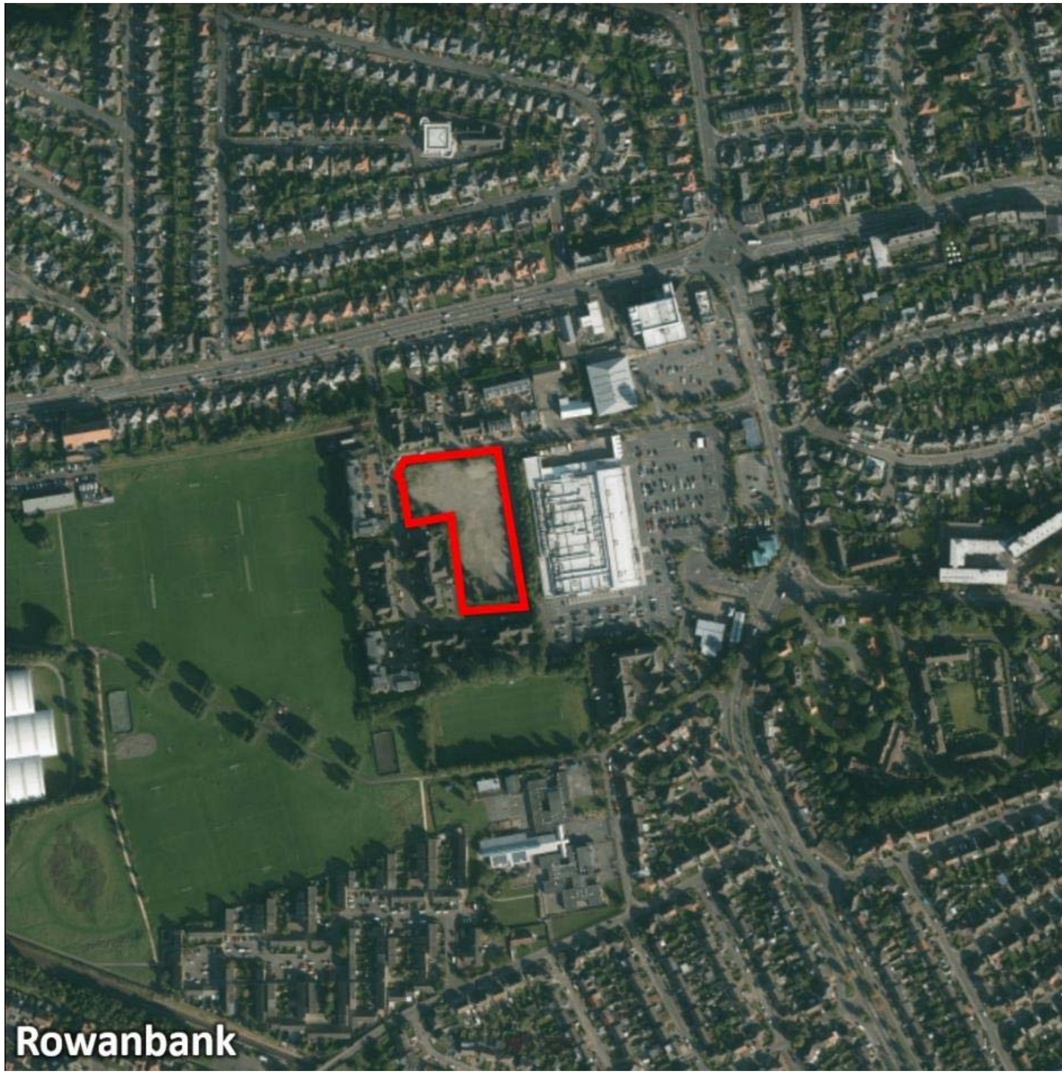


Classified as Internal

Rowanbank

RSL:	DC
LA:	City of Edinburgh
Area:	Edinburgh West
Contractor:	Artisan Real Estate
Year of Completion:	23/24
Total Units:	33
Tenure:	SR
Current Status:	On Site & Completed
In SHIP:	Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total			**33**				
SR			**33**				
MMR							



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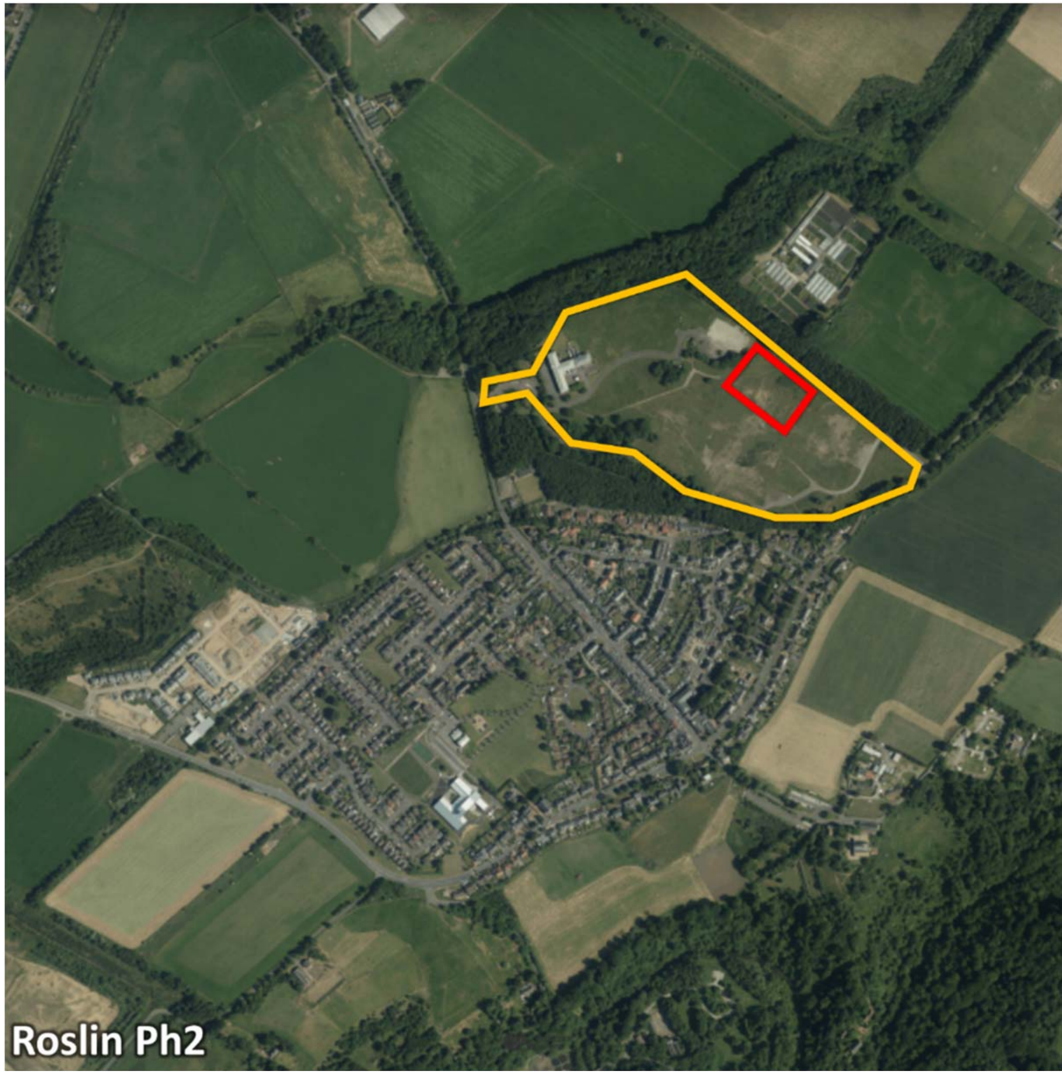
Roslin Ph2

RSL:	DC
LA:	Midlothian
Area:	Roslin
Contractor:	Taylor Wimpey
Year of Completion:	24/25
Total Units:	38
Tenure:	Mixed
Current Status:	Approved & Due On Site
In SHIP:	Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total				**38**			
SR				24			
MMR				14			



Wallyford Area 7

RSL: DC

LA: East Lothian

Area: East Lothian

Contractor: Cruden

Year of Completion: 24/25

Total Units: 60

Tenure: Mixed

Current Status: Approved & Due On Site

In SHIP: Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total				60			
SR				45			
MMR				15			

West Craigs Phase 1 (Plot 4)

RSL:	DC
LA:	City of Edinburgh
Area:	Edinburgh West
Contractor:	Cruden
Year of Completion:	24/25
Total Units:	158
Tenure:	Mixed
Current Status:	Approved & Due On Site
In SHIP:	Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total				**158**			
SR				**78**			
MMR				**80**			

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Slide 14 redacted

West Craigs Phase 2 (Plot 5)

RSL:	DC
LA:	City of Edinburgh
Area:	Edinburgh West
Contractor:	Cruden
Year of Completion:	25/26
Total Units:	142
Tenure:	Mixed
Current Status:	Approved & Due On Site
In SHIP:	Yes

	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Total					**142**		
SR					90		
MMR					52		

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RSL	Project	LA	Contractor	Tenure	Total Units
DC	131-161 Halmyre Street	CEC	TBC	MMR	18
DC	Auchendinny	MLC	Framework	SR	22
DC	Blindwells Phase 2	ELC	TBC	TBC	60
DC	Blindwells Plot 13	ELC	Ogilvie	TBC	30
DC	Buileyeon Road Phase 2	CEC	TBC	Mixed	104
DC	Cammo Field	CEC	TBC	Mixed	210
DC	Cowie	SC	Taylor Wimpey	MMR	25
DC	Craighall Phase 2	ELC	Persimmon	Mixed	38
DC	Crosswinds	CEC	TBC	Mixed	300
DC	Dalmeny	CEC	Framework	SR	16
DC	Finance House Comely Bank	CEC	Square and Crescent	TBC	38
DC	Granton Waterfront	CEC	TBC	Mixed	100
DC	Kirkliston	CEC	Dandara	SR	25
DC	Lingerwood	MLC	Springfield	Mixed	150
DC	Longniddry Phase 2	ELC	Cruden	Mixed	40
DC	Maybury West	CEC	TBC	TBC	33
DC	Raploch	SC	Framework	Mixed	120
DC	Redford Barracks	CEC	TBC	Mixed	279
DC	Shawfair Town Centre	MLC	TBC	Mixed	100
DC	Viewforth	SC	TBC	TBC	20
DC	Wallyford Area 5	ELC	Cruden	Mixed	90
DC	Wallyford Area 6	ELC	TBC	MMR	30
DC	West Craigs North Field	CEC	Framework	Mixed	200
					2048

Lifeboat

Dunedin Canmore

Report

To: **Dunedin Canmore Housing Board**

By: **Lindsay Lauder, Director of Development**

Approved by: **Tom Barclay, Group Director of Property and Development**

Subject: **New build approval: Wallyford Area 5 acquisition**

Date of Meeting: **10 February 2022**

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1. Purpose

1.1 To seek approval from the Board:

- to acquire land at Wallyford Area 5 from East Lothian Developments Limited at an acquisition cost of £1,620,000, for the purpose of constructing 60 properties for mid-market rent and 30 properties for Livingwell social rent; and
- that authority is delegated to any Dunedin Canmore Housing Board member, the Group Chief Executive, Group Director of Property and Development, Group Director of Finance or the Company Secretary to approve and/or sign any contract documentation required subject to Group Development Committee approval.

2. Authorising and strategic context

2.1 The Group Authorising Framework provides that we responsible for approving our 5-year development programme. Under the group-wide approach to development governance, scrutiny and approval of individual projects within our 5-year programme is delegated by us to the Group Development Committee (or for new projects from 1 April 2022, the Group development company). Wallyford Area 5 is not included in our 5-year programme. Therefore requires to be considered by our Board and the Development Committee. Due to the timing of meetings, it was considered and approved by the Group Development Committee on 27 January 2022. However, this remains subject to our approval.

2.2 Wallyford Area 5 is a new opportunity which is proposed for inclusion in year 6 of the draft development programme (2027/28). The Board will note from the 5-year development programme report included in these papers, mature discussions are taking place with lenders to secure enhanced borrowing headroom for the development programme. Should this be secured, it is anticipated that the completion of Wallyford area 5 could be accelerated, subject to grant availability. The acquisition will be fully grant funded and East Lothian Council has asked that it is progressed this financial year. We are therefore taking advantage of additional grant funding to secure a site in a high demand location.

2.3 This report relates to our 2021-2026 Strategy and in particular to the strategic theme ‘making the most of our homes and assets’ as follows:

- The properties developed at Wallyford Area 5 will be warm, safe and energy efficient homes, meeting Aspects 1 and 2 of Silver Sustainability Standards and including the installation of fire suppression systems;
- The 90 units at Wallyford Area 5 will contribute to new affordable homes during the plan period; and
- In line with customer voices, we will work to place the customer at the heart of how we plan and design our new build developments.

2.4 Against the strategic theme of ‘changing lives and communities’, Wallyford Area 5 will deliver opportunities for training and employment through the building contract. Our community benefit contribution of £750 per unit to the Wheatley Foundation will be included in any agreed contract cost.

2.5 The project has been developed with the support of East Lothian Council who has included it within the current Strategic Housing Investment Plan.

3. Risk appetite and assessment

3.1 Our risk appetite for development is open, which means; “willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.)”

3.2 This project represents a departure from the normal procurement route followed by us. This project will involve the acquisition of the land direct from the landowner, East Lothian Developments Limited, whilst simultaneously negotiating a design & build contract with Cruden Investments Ltd for presentation to the new development company in as early as May 2022, should capacity allow.

3.3 Direct acquisition by us for this phase of Wallyford is proposed to allow the site to be acquired in 2021/22 with no requirement for a golden brick structure. The acquisition will be fully grant funded which mitigates financial risk associated with acquiring land prior to any development. The development timescales are thereafter within our control. The proposal originates from a request from ELC for us to consider land acquisitions to minimise grant underspend in its 2021/22 funding programme.

3.4 Cruden Investments Limited have been identified as the preferred contractor due to the existing working relationship with us on projects in Wallyford including the completed project at Fa’Side Avenue South and the project under construction at Wallyford Area 7. Cruden Investments Ltd have knowledge of Wallyford Area 5 having initially progressed the project as a combined site acquisition/contract on behalf of us. Discussions with Cruden Investments Ltd have taken place and an indicative contract cost provided which meets our internal finance requirements. In the event that an acceptable contract sum cannot be agreed with Cruden Investments Ltd we can pursue other contractor delivery routes as the land acquisition will not tie us in to working with Cruden Investments Ltd.

3.5 As this project will require us to acquire the land in advance of agreeing a contract, we have borne the cost of obtaining planning permission at a cost of £28,050, which will be fully grant funded. The planning application was submitted in January 2022. It has been necessary to take this action to accelerate the approval process to provide certainty on the suitability of the detailed project design prior to acquisition. It should be noted that our application is an Approval of Matters Specified in Conditions (AMC) as the area has already been approved for Planning Permission in Principle for 90 units. Based on pre consultation with planning, it is expected that AMC consent will be achieved and pre-planning consultation with the local authority on our plans for Area 5 has been positive.

3.6 In line with current Guidance from the Scottish Housing Regulator and associated practice across the Group for mid-market rent projects where ownership of the properties is retained by the RSL, the lease between the RSL and Lowther, will be treated as a “notifiable event” and intimated to the Wheatley Group Governance team who in turn will notify the Scottish Housing Regulator. The terms of the lease which will be put in place will replicate the lease that is standard between us and Lowther at the time of completion.

3.7 Lowther Homes will provide the day-to-day advertising, letting and management of the properties and will be responsible for routine repairs, receiving rental payments, service charges, voids and compliance checks for the mid-market properties.

3.8 Missives will be in place to ensure that full title to the site transfers to us on the date of entry.

4. Background

4.1 The site is located in Wallyford within East Lothian. Wallyford is 4 miles from the east boundary of Edinburgh and 9 miles from the city centre.

4.2 The site is to the south of Wallyford and is part of the wider masterplan extension that will be provide upwards of 1,450 residential units, new primary and secondary schools, open space and sports facilities. A site plan and a plan showing the sites location in relation to Wallyford and the wider masterplan, is attached at **Appendix 1.** Affordable units are expected to be in the region of 350-500 units based on East Lothian Council’s Planning Policy requirement that the developer provides 25% affordable units.

4.3 We have already developed one project in the Wallyford expansion area providing 44 units for social rent, known as Fa’Side Avenue South/Affleck Rise, which completed in 2018. Construction of a second phase is currently underway at Wallyford Area 7 which will provide 60 units for social rent and mid-market rent.

4.4 Wallyford Area 5 sits between the new primary and secondary schools and will share a boundary with the new commercial centre which will also contain and doctors' surgery. The site will consist solely of affordable units comprising of 60 mid-market rent units and 30 Livingwell properties.

4.5 Further phases of affordable housing will follow and could be delivered jointly by East Lothian Council and us (split and tenure to be confirmed). This may involve us developing some phases on a Development Agency basis for East Lothian Council's own new build programme.

4.6 East Lothian Council, as the Strategic Housing Authority, is supportive of this development in Wallyford. The project has been included in the Strategic Local Programme Agreement for acquisition approval in 2021/22. A tender application date will be agreed once current lender discussions are concluded.

5. Customer engagement

5.1 The proposed housing and tenure mix has been identified by East Lothian Council and is based on housing needs in the area. They identified the need for accommodation for people over 55 years in this location due to its proximity to the commercial centre and health services.

5.2 We have experience of developing in this location. Customers have settled successfully in the earlier phase at Fa'Side Avenue South development and turnover has been low.

6. Discussion

6.1 The population in East Lothian is growing and is projected to increase by 23.3% between 2012 and 2037, compared to 8.3% nationally. The East Lothian Council Local Housing Strategy identifies that 370 new affordable homes are needed per annum to meet demand.

6.2 The housing and tenure mix proposed for Area 5 was identified by East Lothian Council through the planning process. East Lothian Council confirms that housing need exists for all property types and sizes in this area.

6.3 The social rent properties will be designed to Livingwell standards and will provide assisted living accommodation and communal facilities.

6.4 Wallyford Area 5 is situated near to our existing stock in the area at Fa'Side Avenue South/Affleck Rise which completed in 2018 and the current development of Area 7. Our Housing Management confirm that this development has been successful with low turnover. It will also be close to the new amenities and the main bus route when the development is complete.

6.5 We have a number of mid-market rent properties in East Lothian including the recently completed developments at Gullane, Aberlady and Longniddry. Demand for mid-market rent properties is high in most East Lothian areas including areas such as Wallyford, that are located close to the Edinburgh boundary. Lowther Homes colleagues have been consulted on the proposals and are supportive.

6.6 The composition of the 30 Living-well social rent properties are summarised below:

Type	Accommodation	Tenure	No of B/room	No of B/space	No
Flat	2a/2p flat	Social	1	2	4
Flat	3a/4p flat	Social	2	4	26
Total social units					**30**

The composition of the 60 mid-market rent units are summarised below:

Type	Accommodation	Tenure	No of B/room	No of B/space	No
Flat	2a/2p flat	MMR	1	2	6
Flat	3a/4p flat	MMR	2	4	51
Flat	4a/5p flat	MMR	3	5	3
Total MMR units					**60**

6.7 The proposed social rents are consistent with the rents in our comparably sized new build projects for Livingwell properties.

6.8 The rent for the mid-market rent units is in line with Scottish Government funding criteria. The rents charged at first let 80% of the current local housing allowance and have been set at a level that is appropriate for the local market, with the prevailing private sector rents in Wallyford being less than those found in Edinburgh City Centre.

6.9 The land purchase will be paid direct to the landowner, East Lothian Developments. This will be either a one-off payment at date of entry or in a staged payment subject to agreement with landowner with part on date of entry and final part on planning approval. The total land purchase price is £1,620,000. Prior to agreement of missives, we will apply to HMRC to disapply VAT to remove the need for a golden brick arrangement.

6.10 A land valuation report has been obtained from DM Hall which supports the site value of £1,620,000.

6.11 As part of the acquisition agreement, East Lothian Developments Limited, will be responsible for meeting all Section 75 payments associated with this phase of housing. The total value of the Section 75 payments due for Area 5 is circa £1.6m.

6.12 An initial high level contract sum has been provided by Cruden Investments Ltd of £11,851,380. At present this is equivalent to £131,682 unit or £33,765 per bedspace.

6.13 The design meets both our design standards, the Greener Standard and includes the provision of an automated fire suppression system in all properties, social rent and mid-market. Fit out costs for mid-market rent will be included in the contract cost. We will ensure that our Build to Secure requirements will be satisfied.

7. Digital transformation alignment

7.1 BT Fibre will be delivered free to the customer in the completed units to meet our Group Strategy objectives to facilitate the aim of developing digital neighbourhoods and creating the digital infrastructure that may assist customers to work from home or live independently for longer.

7.2 Thereafter, our customers will be free to choose their intranet supplier of choice from a range of companies including Sky, Talk Talk and Vodafone etc.

8. Financial and value for money implications

8.1 Summers Inman has been appointed to provide Employers Agent services. They advise that the cost plan proposals submitted by Cruden Investments Ltd and the general cost per unit compares favourably with other projects.

8.2 The initial costings provided by Cruden Investments Ltd and acquisition costs give a total cost to deliver the 90 units of £13,684,068. At this level we anticipate receiving grant of £6,470,205 resulting in a private finance requirement of £7,213,863.

8.3 In line with our approved methodology for the appraisal of new build schemes, a forecast cash-flow has been prepared based on the initial cost of development, and our assessment of the development’s future income, management, maintenance and lifecycle costs.

8.4 This cash-flow is used to calculate certain key indicators including net present value (NPV) and internal rate of return (IRR) to ensure it generates sufficient return to cover cost of funds plus a margin for risk. The minimum requirement for social and mid-market rent schemes is 5.7%.

8.5 Following our assessment of management costs, repairs, and lifecycle of components, the table below summarises the anticipated Net Present Value (NPV) per unit and Internal Rate of Return (IRR) for this development. This demonstrates that a positive NPV of £2,124,431k and IRR of 8.10% could be achieved, satisfying group new build project requirements.

Tenure	Units	NPV	NPV Per Unit	IRR	Payback Period (yrs)
Social	30	£360,185	£12,420	7.23%	19
MMR	60	£1,764,246	£33,017	8.38%	18

9. Legal, regulatory and charitable implications

9.1 Legal support for this project will be provided by our Property Legal Team and as follows:

- to negotiate the acquisition of the site based on mutually agreed terms with East Lothian Developments Ltd;
- to carry out legal due diligence on the title to the site; and
- to negotiate and compile the construction documentation.

9.2 The affordable units must be provided through a nominated Registered Social Landlord (RSL) or Local Authority. By acquiring the land direct from the developer, this will discharge that legal requirement and give control to us as the RSL.

9.3 In acquiring the land and subsequent award of a contract the Group is taking advantage of an opportunity to gain control of a large development in a major area of growth. Cruden Investments Limited will be called off from the Group's new build framework as we are working with them on Wallyford 7 and they also have prior knowledge of the site development. There should be no challenge to this as they have been taken from the framework. Taking this route to acquiring the land and procuring a contract is considered to be in the best interests of the Group and will provide a significant contribution to our strategic growth plans.

9.4 Once constructed, the mid-market rent properties will be leased by us to Lowther Homes.

10. Equalities implications

10.1 The properties have been designed to meet requirements of Part 1 of Housing for Varying Need.

11. Environmental and sustainability implications

11.1 The properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC level of this development will be band B.

11.2 The design will include solar PV panels and other options to reduce CO2 output and contribute to achieving net zero emissions for the group are being considered.

12. Recommendations

12.1 The Board is invited to:

1) approve that we acquire land at Wallyford Area 5 from East Lothian Developments Limited for the purpose of constructing 90 flats for £1,620,000; and
2) delegate authority to any Dunedin Canmore Housing Board member, the Group Chief Executive, Group Director of Property and Development, Group Director of Finance or the Company Secretary to approve and/or sign any contract documentation.

List of Appendices

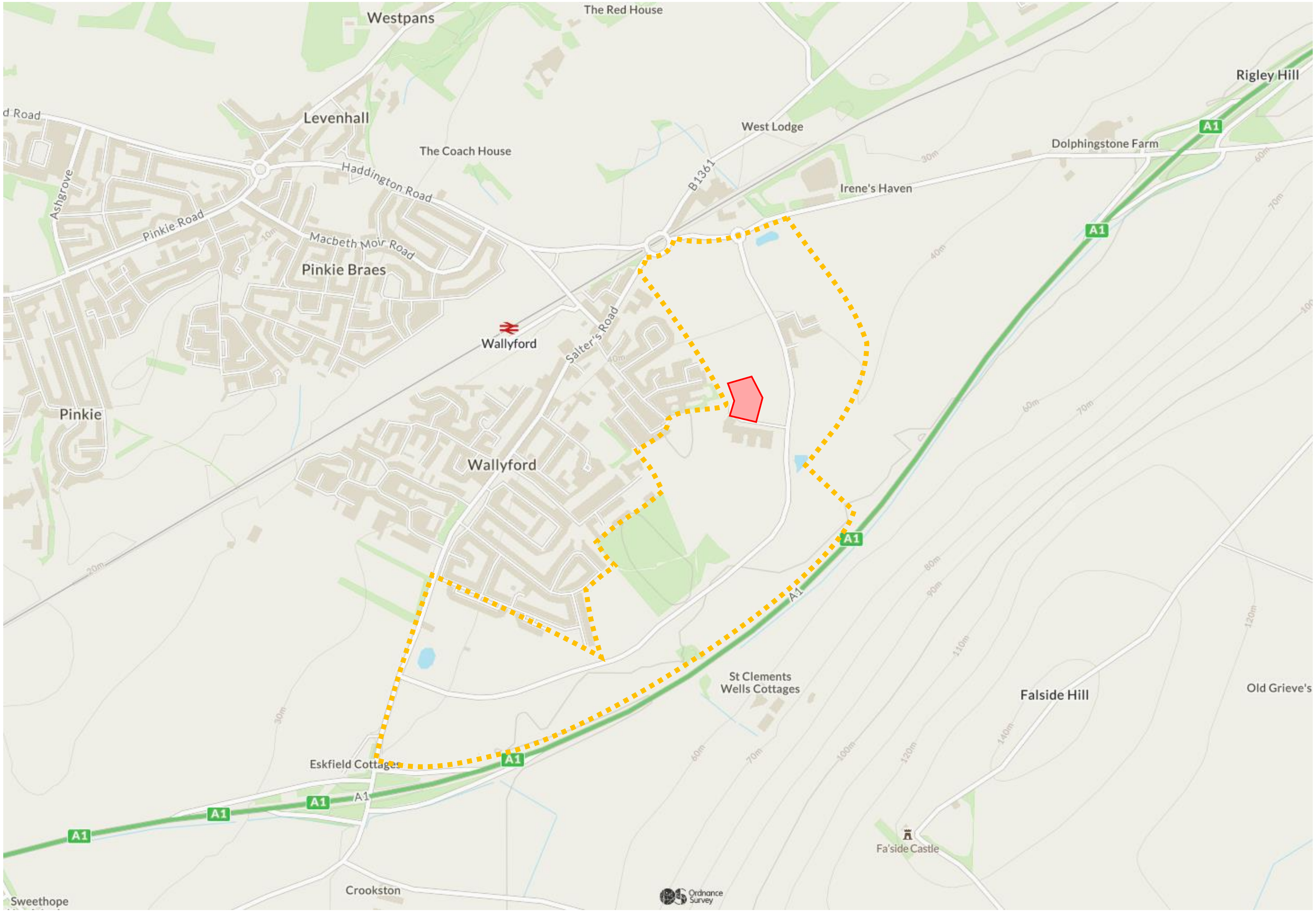
Appendix 1: Location Plan, layouts and visuals for the site

Dunedin Canmore

Wallyford
Area 5

Dunedin Canmore

Wallyford Area 5

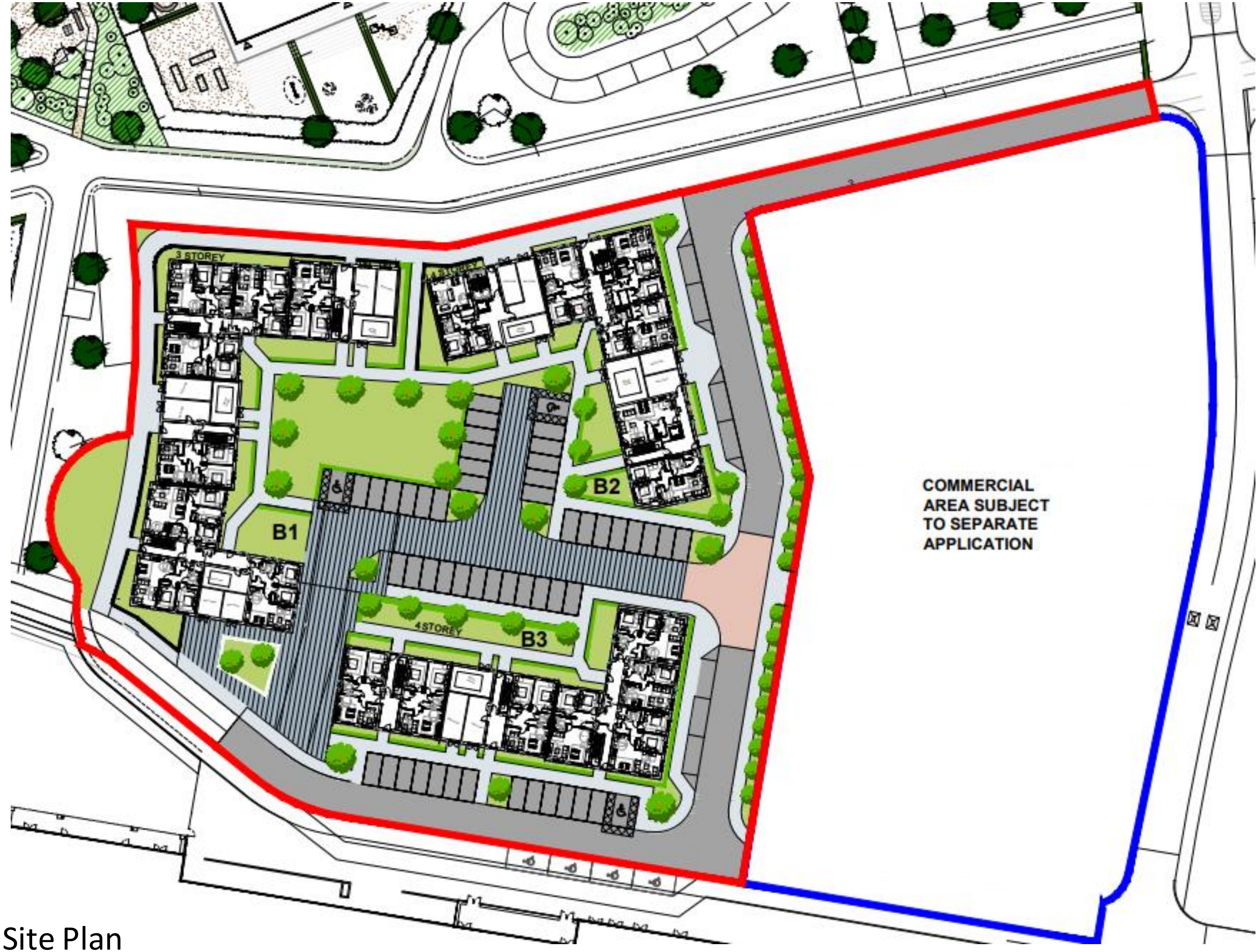


Dunedin Canmore

Wallyford
Area 5

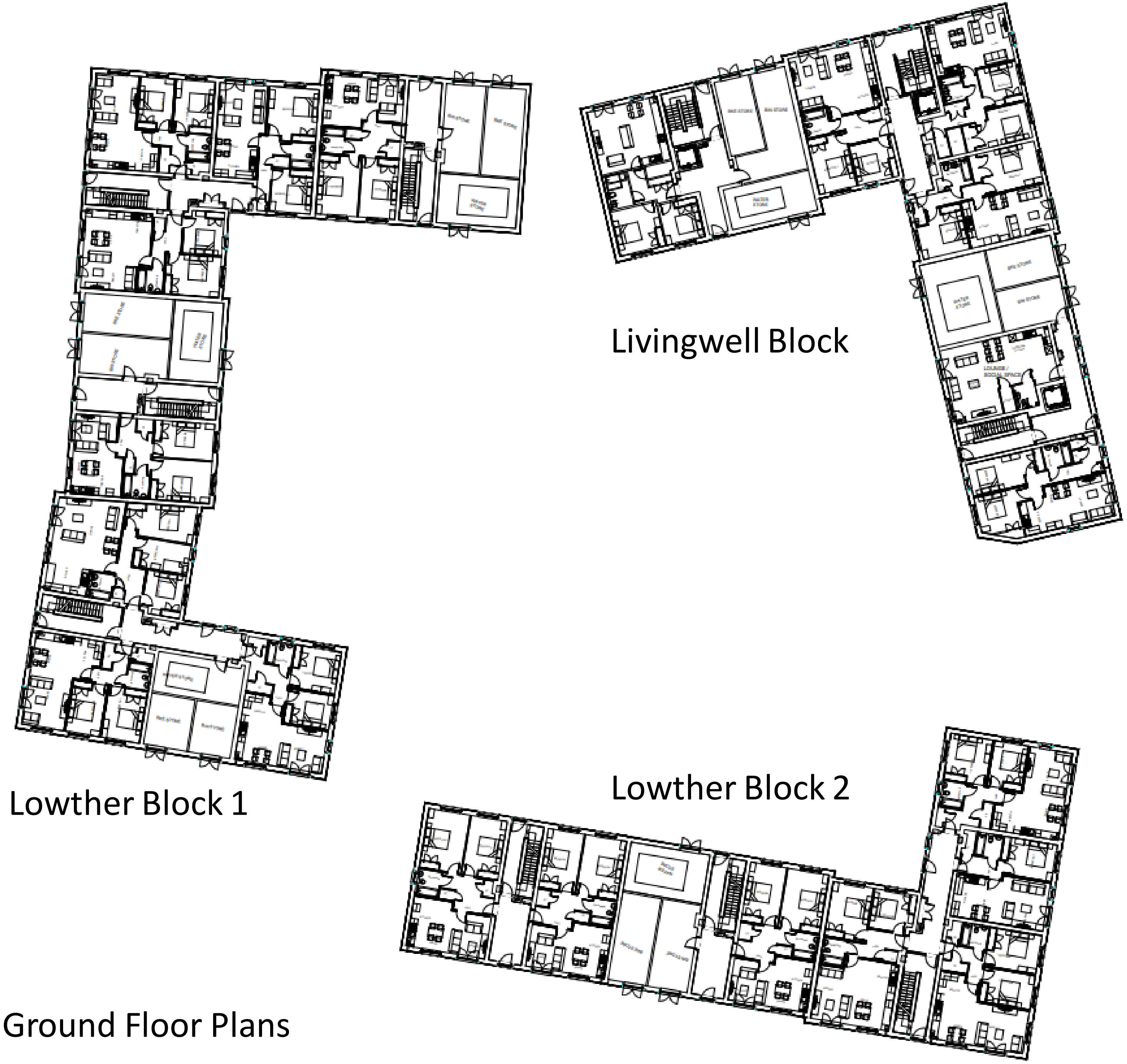
Dunedin Canmore

Wallyford
Area 5



Site Plan

Wallyford
Area 5



Ground Floor Plans

Dunedin Canmore

Wallyford
Area 5

Visual Impression

Wallyford
Area 5

Visual Impression

Report

To: **Dunedin Canmore Housing Board**

By: **Brian Stewart, Director of Repairs, Investment and Compliance**

Approved by: **Tom Barclay, Group Director of Property and Development**

Subject: **Five-year investment programme**

Date of Meeting: **10 February 2022**

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1 Purpose

1.1 To seek Board approval of Dunedin Canmore (DC) Five-Year Asset Investment Plan. This plan underpins our strategic asset management approach, specifically our ambition to continue investing in our existing homes and communities – a key theme of our 2021-2026 strategy, Your Home, Your Community, Your Future.

2. Authorising and strategic context

2.1 Under the Group Authorise, Manage, Monitor Matrix, the Board is responsible for the approval of its business plan which forms part of the Group business plan.

2.2 The Board is also responsible for the approval of the key business planning considerations which arise from the approved business plan, including the approval of its investment profile, priorities and capital investment plan. Where any specific investment project is in excess of £4m then Group Board approval would be required, in line with the Group Scheme of Financial Delegation.

3. Risk appetite and assessment

3.1 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". This risk appetite is mirrored here in relation to the Investment programme.

4. Background

4.1 Our asset investment plan details our approach to major property improvement works across our housing asset portfolio over the next five years.

4.2 The plan is reviewed and updated annually to reflect changing customer priorities, new regulatory requirements and strategic investment decisions. This report seeks board approval for changes from the previously approved plan. All amounts include irrecoverable VAT where appropriate.

5. Customer engagement

5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation 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 beyond compliance and safety work has been informed by customer feedback in recent years, such as that gathered through pop-up local events pre-pandemic, from customer satisfaction surveys, rent consultations and the input of locality directors and 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;
- Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
- Adopts new technologies 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.

5.4 Our investment plan includes our 'Customer Voice' budget in support of this framework, which will deliver £1.3m of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over £15m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens and environmental improvements.

6. Discussion

<u>Overall programme</u>

6.1 We have a robust and sector leading approach to the management of our assets. This includes continuing to maintain and invest in our existing housing assets, to ensure that our homes and neighbourhoods remain viable and desirable in the long term.

6.2 Our five-year plan includes a core programme budget of £17.0m, which will be directed towards major property improvement works. In addition, the programme includes £11.3m for improvement works to vacant properties ,capitalised repairs and capitalise staff to deliver the programme. A further £904K to support the delivery of major medical adaptations. Investment spend in our homes totals £29.2m over the five years to 2026/27

6.3 The commitment to improving our homes and communities over the next 5 years has a continuing focus on delivering investment that our customers want to see in their home and in their communities whilst also protecting our customers and assets through our safety and compliance programmes. Our investment plans also place a strong emphasis on sustainability. Around 24% of our total core programme is directed towards the delivery of energy efficiency measures designed to tackle the effects of fuel poverty and reduce the carbon footprint of our housing asset portfolio. Our investment programme continues to follow three broad themes:

- Warm, High Quality Homes;
- Safe Homes; and
- Great Neighbourhoods.

6.4 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

6.5 A range of investment activities fall within this theme including for example:

- Energy Efficiency Measures (Heating, Wall Insulation, Windows, Doors); and
- Internal Modernisation (new Kitchens and Bathrooms).

6.6 We plan to invest £4.1m over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation and improving the efficiency and operability of electric heating for homes in non-gas areas.

6.7 Our investment plan also takes cognisance of the UK Government's ambition to decarbonise the national gas network, which will see the gradual introduction of hydrogen as a replacement for natural gas from around 2025/26. This transition would see the introduction of an increasing blend of hydrogen with natural gas completely phased out in some parts of the network by the early 2030's. In preparation for this transition, we plan to commence a programme of replacing existing gas boilers with hydrogen-ready models capable of accommodating an increasing hydrogen blend from 2025/26. The geographical phasing and pace of the transition is not yet known however, we will ensure that our longer-term investment plans post 2025/26 are agile enough to move with the pace of the switch as dictated by government and technology.

6.8 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing fuel costs and fuel poverty but will also assist in relation to sustainability and delivering our legislative obligations in relation to the Scottish Government's Energy Efficiency Standard for Social Housing mark 2 ("EESSH2"). This new standard requires, as far as reasonably possible, that RSL properties to reach Energy Performance Certificate ("EPC") Band B by 2032, although exceptions are permitted on the grounds of cost, feasibility, and consent. The Scottish Government proposes to review the EESSH2 in 2023 to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in their Heat in Buildings Strategy and the Housing to 2040 Route Map. Our wider strategic approach to the delivery of EESSH2 will be informed following the outcome of this review.

6.9 Maintaining excellent internal housing quality standards is essential in ensuring that our homes continue to remain desirable. Our 5-year investment plan includes for the installation of around 250 modern kitchens and a further 560 bathrooms.

Safe Homes

6.10 Our planned asset investment places a strong emphasis on ensuring our homes remain safe and secure, and helping to support the Group's Fire Prevention and Mitigation Framework. Over the 5 years of our investment plan, we will deliver improvements across a range of Home Safety related programmes encompassing:

- Domestic rewiring;
- Lifecycle replacement of smoke and heat detection across all stock types; and
- Installation of Thermostatic Mixer Taps for our most vulnerable customers.

6.11 Our Safe Homes programme includes the upgrade of smoke and heat detection to 5,386 homes at the commencement of the programme requiring this work to be completed by 31st January 2022, following the government's extension of the deadline. Access to customers' homes has been a significant challenge in delivering these improvements. To address this, we developed and implemented a robust and streamlined process involving our DCPS team and our Housing Officers pro-actively contacting and agreeing access with our tenants. We made every reasonable effort to obtain access, and only as a last resort were forced appointments arranged. We are pleased to confirm that all of our homes now have the upgraded detection system fitted. In addition, we will continue to promote and publicise our wider annual compliance programmes as part of our 'Home Safe' campaign and plan these improvements alongside other investment and repair works to drive improved access levels whenever practical.

6.12 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 to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

6.13 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining the "kerb appeal" of our neighbourhoods is an integral part of our investment planning approach to ensure that our communities are desirable for both existing and prospective customers.

6.14 Our Investment Programme will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and backcourts as well as fencing, paths and steps in our main door properties.

Year 1 programme (2022/23)

6.15 Year 1 (2022/23) of the 5-year plan has a total value of £5.6m (including capitalised staff). This includes almost £3.3m for major property improvements, £2.1m for capitalised repairs, improvements in vacant properties and capitalised staff and £171k for major medical adaptations. Our 2022/23 programme will deliver a range of work types and associated outputs including:

Improved Electric Heating 100 Homes

Kitchens 50 Homes

Bathrooms 130 Homes

Fire Safety £100k

Windows 102 Homes

Fabric Repairs £75k Homes

New Lifts £50k

Pre-1919 tenements 100 Homes

Internal Common £135k

Environment Improvemen t £160k

EESSH Improvements £135k

Continuing implications of Covid 19

6.16 The Coronavirus pandemic continues to have an impact on investment delivery, albeit to a much lesser extent than in 2020/21. Working restrictions have eased considerably; however, we have not yet returned to pre-COVID levels of productivity due to COVID infections and associated self-isolation periods continuing to affect our direct labour and supply chain resources.

6.17 Programme delivery in 2021/22 has also been hampered by intermittent material supply issues with a particular impact on manufactured items such as glass and ironmongery. Our Contracts and Investment team have been working to mitigate the impact of these shortages by widening our supply chain and manufacturing capacity (via RSBI). We will continue to monitor the situation as we move forward to ensure that we remain agile to react to this evolving situation and to reduce the impact on programme delivery and customer experience.

6.18 We continue to follow our agreed customer engagement approach for internal investment activities, which seeks to provide customers with reassurance around the robustness of our health & safety approach whilst delivering works within occupied homes. This approach includes calls to every customer due to receive internal investment by a member of our investment team to discuss the work and to seek their commitment to provide access for the work to take place. Another positive impact of this new process has been a reduction in no access and refusals at survey and installation stages across all internal works programmes, which has helped to drive down waste in resources.

EESSH/EESSH2

6.19 Our investment activities will contribute towards the delivery of our SHQS (Scottish Housing Quality Standard) and EESSH2 (Energy Efficiency Standards for Social Housing) by improving both the condition and energy efficiency of our assets. We are currently 98.9% compliant with the SHQS standard. The remaining non-compliant elements relate to our pre 1919 stock and EESSH energy fails. A further SHQS survey to each non-compliant property will be carried out during Year 1 of the program.

6.20 The 2020 EESSH targets required stock to have an EPC (Energy Performance Certificate) of band D or above. Our current compliance is in excess of 98%. Our 5-year plan includes various works that will help us towards achieving EESSH 2 such as external wall insulation, more efficient central heating systems and window replacements.

6.21 The current and future investment plan also includes provision for a specific 10-year programme focussed on the EESSH2 standard. The make-up of this programme will be developed taking account of expected Scottish Government consultation on the standard. In parallel, work is underway to develop a group wide EESSH2 policy statement, which will set out our approach to achieving this standard including how we will make decisions around investment and the development of a regime for data collection to demonstrate compliance. We have included an initial budget allocation of £2m to support innovative investment interventions over the next 5 years as we develop our investment approach and understand requirements and associated costs to achieve compliance with the ambitious target of all homes to have a ‘B’ EPC band by 2032. An early illustration of this innovation is the planned installation of Intelligent Quantum Heating with smarter controls, as part of our warm, high quality homes theme, providing customers with greater control of their heating and significant savings on their energy tariffs and energy use.

Think Yes for Investment

6.22 We will introduce a new staff facing initiative in 2022/23, “Think Yes for Investment”, which aims to empower our frontline housing teams to Think Yes and use their judgement to make informed investment decisions that create excellent outcomes for customers. The initiative seeks to simplify the process for ordering minor investment work e.g. a new kitchen, bathroom or new internal pass doors.

Management and Delivery

6.23 Our Investment Team will provide day-to-day management of our investment programmes including all project management functions, customer communication and all performance, financial monitoring and reporting. The team’s approach will include analysing performance and asset condition data to inform bespoke investment interventions and appraisals where required, ensuring we are investing in the right stock and at the right time. This approach will ensure that our investment decisions are transparent and justified, whilst also helping to protect and drive maximum value from our existing asset base. Dunedin Canmore Property Services (DCPS) will continue to act as the principal delivery vehicle for most of our investment activities. DCPS’s capabilities will be supplemented as necessary through specialist providers.

Communications

6.24 Digital communication will be prominent as we explain and engage with customers on the investment taking place across the city. As well as our social media channels such as Facebook and Twitter, we will increase the use of direct messaging to customers in local areas through text (including “GIF” images for those with Smartphones) and secure messaging.

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 or other location to view investment plans and make choices. Now, we will look to provide more interactive and convenient methods for the customer to inform investment in their homes. An example of this will be developing tools that make kitchen design and colour choices a digital experience.

7.2 We have also phased out whitemail customer surveys with individual investment project satisfaction surveys now carried out by text.

8. Financial and value for money implications

8.1 In accordance with the Group’s Value for Money statement the investment programme will deliver value for money in a number of ways including:

- **Meeting customer aspirations** - Our investment plan supports the delivery of customer investment aspirations with our locality planning process and customer voice approach forming a key role in the development of the programme and priorities;
- **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 EESSH standards in relation to quality and 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 home owners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock; 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 responsive repair costs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

Impact on financial projections

8.2 The Core Investment Programme of £17.0m is contained within the overall £29.2m five-year capital investment programme as set out in the 2022/23 financial projections

9. Legal, regulatory and charitable implications

9.1 There are no specific legal implications arising from the creation of the Investment Programme.

10. Equalities implications

10.1 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 following a referral from an Occupational Therapist. In most cases we are able to reclaim Stage 3 grant funding for this.

10.2 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.

10.3 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.

11. Environmental and sustainability implications

11.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £4m of energy efficiency improvements over the life of the five-year plan, which equates to 24% of the total core programme spend.

11.2 Our investment programme includes the use of new innovative technologies through our programme of Quantum electric heating replacements. This project will contribute positively towards the reduction of fuel poverty whilst also providing improved comfort and use flexibility with their heating.

11.3 The investment plan recognises the ambition of the UK Government to decarbonise the national gas network demonstrated by our plans to commence with installation of "hydrogen-ready" boilers upon lifecycle replacement of existing gas boilers from 2025/26.

11.4 In preparation for the first EESSH2 regulatory reporting period we are continuing to develop a property-by-property assessment of current energy performance characteristics in order to determine the exact requirements up to 2032 for each dwelling. For now, our investment programme recognises the challenge of EESSH2 with a dedicated budget of £620k in our programme to support the delivery of innovative solutions to help deliver compliance with this standard over the next 5 years. This is in addition to existing work programmes such as heating upgrades, window replacements and external wall insulation which all contribute positively towards our EESSH2 objectives.

12. Recommendation

12.1 The Board is asked to approve DC 's Five-Year Asset Investment Programme 2022-2027.

List of Appendices

Appendix 1: DC Five-Year Investment Plan 2022-27

Appendix 1

DCH Five-Year Investment Plan: 2022 - 2027

Over the next five years **£26m** 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 **£1.5m**. The programme consists of £500k for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. A further £300k has been allocated in years 4&5 to commence with the installation of hydrogen-ready boilers. The timing and delivery phasing of this programme will be closely aligned with the geographical roll out of the wider decarbonisation of the national gas network.

In addition, we will continue to deliver our intelligent Quantum Heating Program for our customers. We expect around 100 customers to have benefitted from these improvements in the 1st year of this programme with a further 340 DC homes due to receive this work over the next 4 years. The intelligent heating systems provides the customer with greater control of when they heat their home, whilst also saving them money on their energy tariffs, with 22% less energy use than existing storage heating.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of external fabric and roof replacement works. We have planned investment of **£1.1m** over the next 5 years. The work will include ‘Drone’ roof and fabric surveys in Year 1 that will determine the program over years 2-4. Our post 1990 stock within our West Lothian communities will be prioritised.

Pre-1919 Tenements

Our five-year plan includes **£3.7m** for DC’s contribution towards the refurbishment of our pre-1919 tenement stock within the Edinburgh area. The programme will support the delivery of sandstone and roof repairs in mixed tenure blocks within our Gorgie/Dalry and Fountainbridge localities. This work will help protect the long term future of Edinburgh’s historic Pre 1919 tenements. Year 1 within the plan will see the commencement of work to the Historic Rosemount Building development and tenements at 141 Dundee Street and 1 Yeaman Place.

The high level of private ownership within these assets has proven to be a significant blockage to delivering this much needed investment. DC investment with assistance from the City of Edinburgh Council has aided with customer communications.

Kitchen & Bathrooms

We plan to invest almost **£2.7 m** in new kitchens, bathrooms over the next 5 years. Bathroom replacements remain a high investment priority for our customers. Ad – Hoc and void property replacements will be included within the 5-year plan.

Windows and Doors

We plan to spend nearly **£2m** on window replacements over the next 5 years, benefitting over 500 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 our localities. Post 1990 developments will be prioritised where window replacements are a high investment priority for customers. Within Year 1 of the plan window replacements will commence at Northcote Street, Skibo Court and Easter Dalry Road. New energy efficient windows will be supplied via our group supplier RSBI.

Environmental

We will invest **£0.7m** in improving the environment within our communities over the next 5 years. The programme will include backcourt improvements for tenement stock, new bin/bike storage provision and paths for our Gorgie, Clerwood and Morrison Crescent localities. Further customer engagement events will drive and shape years 2-5 of the program

Common Works

We have allocated nearly **£1m** to deliver common area improvements encompassing investment such as improved security (new controlled entry doors), flooring and decoration of our common stairs. Year 1 will include Slateford Green, Segal Place, Elizabeth Magennis Court, Logie Rd and Carlyne Rd.

EESSH2

In recognition of our obligations around compliance with the new EESSH2 standard we have allocated a budget of £620k over the next five-years to deliver innovative energy efficiency measures across our stock portfolio. The make up of this programme will be developed following the planned Scottish Government review of this standard in 2023.

Lift Replacements

Almost **£0.45m** will be invested in new efficient and reliable lifts. Year 1 will include the replacement of the problematic lift at 13 Custom House Place.

Fire Safety

£0.4m has been allocated over the 5-year plan to fund enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs. This programme will support the delivery of recommendations from our fire safety officers to help mitigate the risk of fire occurring or to keep our customers safe in the event of fire.

Customer Voice

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated nearly **£1.3m** to deliver customer driven investment works over the next 5 years. Our dedicated Customer Voice budget will help our housing team deliver on their customers' investment priorities identified through the ongoing engagement activities.

Think Yes for Investment

We will introduce a new staffing facing initiative in 2022/23, which seeks to empower our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. A programme of **£0.24m** will be allocated over the next five-years to support housing officers in instructing small improvements such as a new kitchen, bathroom or painting a stair where they feel the work is justified and is a priority for customers.

Capital Compliance

£0.665m 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 upgrading of electrical installations and the installation of new Thermostatic Mixer Taps.

Report

To: Dunedin Canmore Housing Board

By: Hazel Young, Managing Director

Approved by: Steven Henderson, Group Director of Finance

Subject: Rent and other charges 2022/23

Date of Meeting: 10 February 2022

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2022/23 RSL rent and charges increase; and
- Seeks Board approval for the 2022/23 rent charges increases.

2. Authorising and strategic context

2.1 The Group Board is responsible for agreeing the overarching rent parameters for rent setting. Thereafter each individual partner Board agrees their own individual rent increase proposals within the agreed parameters.

2.2 The Group Board agreed that a base increase of 1.9% should be the basis of consultation with each RSL's tenants. Our Board also agreed to proceed with this recommendation.

2.3 In addition, our Board agreed that a second and third option, 0.5% and 1.0% above the base level, should be discussed, with tenants asked whether they would be prepared to pay these higher levels in return for additional local investment.

2.4 It was also agreed that tenants who had transferred from Barony through the stock transfer ballot would be consulted on a 2% increase, in line with the 3-year ballot commitment.

3. Risk appetite and assessment

3.1 Our risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward".*

3.2 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".*

3.3 The decision on rent increases involves striking a balance between tenant affordability, continuing to deliver services our customers tell us they want and the need to maintain financial viability. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk our financial viability. We are also required under statute to take into account the views of customers before making final decisions on rent levels.

4. Background

4.1 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.

4.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2021 meeting. A series of focus groups were held during November and December to gather customer feedback on the rent setting proposals. This feedback was taken into account in the formal rent consultation process with tenants, which is the final element of our rent setting process prior to formally agreeing rent levels.

5. Customer engagement

5.1 As a consultation process, the report sets out the responses to our customer engagement on the rent setting proposals.

6. Discussion

6.1 This year we reintroduced the approach of extensive focus groups with tenants from across the Group, which informed our formal consultation with all tenants. The feedback from each part is set out in further detail below:

<u>Focus Groups</u>

6.2 The information in this section is reported on a Group wide basis as the focus groups included a mix of tenants across Group.

6.3 This year, we further refined our approach to the focus groups, introducing an online option for tenants, which proved to be popular with tenants reflecting on the increased convenience to them in not having to travel. The option was not for everyone though, and we also ran face-to-face focus groups – both in our offices and also in community facilities. Across Group over 30% of participants took part online. Our independent advisors BMG facilitated the focus groups and supported tenants to access the online groups.

6.4 In both types of focus group, either the Managing Director or the Head of Housing made a presentation to tenants giving more context to the proposals. In order to maintain the independence of the focus groups, staff did not participate in the subsequent focus group discussions.

6.5 The presentation set out the key elements contained within the proposed consultation brochure to be sent to all tenants, specifically:

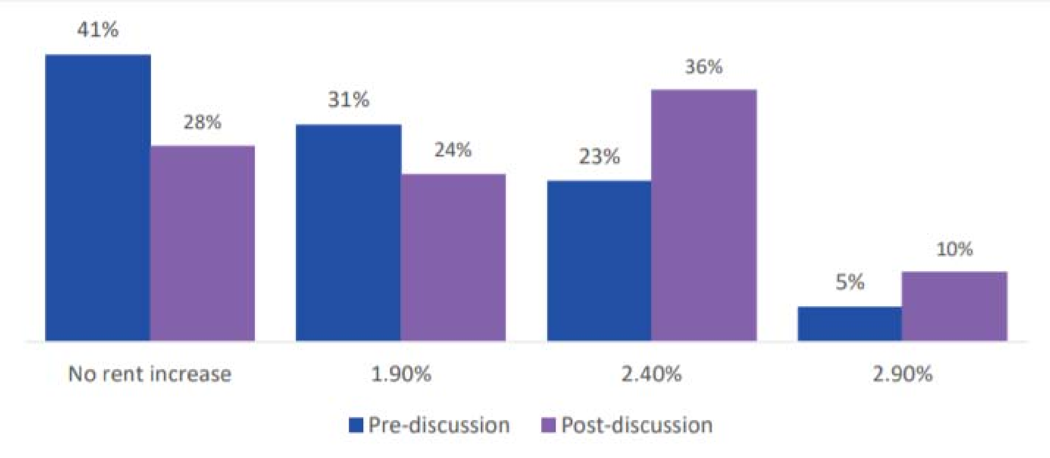
- How we spent tenants' money in the previous year i.e. what rent pays for;
- Key challenges for the year ahead; and
- The rent options.

6.6 We undertook 6 focus groups, with a total of 27 tenants participating. 15 tenants participated in person and 12 tenants participated online. The focus groups allowed us to engage with tenants in more depth on our rent setting proposals, in particular:

- Tenants' perception of what their rent pays for vs what it actually pays for;
- Tenants' understanding of the drivers of rent increases;
- Value drivers for tenants in terms of rent levels; and
- General feedback on tenants' views of our landlord services in the context of rent.

6.7 In exploring these issues with tenants, as opposed to asking a binary 'yes or no' question on rent proposals, we were able to gather a) quantitative feedback by testing if the group discussion and increased knowledge of how rents are set impacts tenants' views of rent, and b) qualitative feedback we can use to understand what drives and impacts tenants' views on rent setting, potentially informing our service delivery and future strategic thinking.

6.8 Focus group participants (excluding those where there is an existing ballot promise) were asked whether they supported a rent increase, and if so which of the options they preferred. They were asked this both before and after the discussion. Across the focus groups, support for the options 1-3 was 72%, which rose from 59% following the discussions and supporting information on the reasons for the increase. The breakdown by option is shown on the next page:



Graph 1: Views on the rent increase options

6.9 The report provided detail of key drivers of tenant satisfaction. The following were identified by BMG as key satisfaction drivers:

- Strong feeling of community that arises from having a good relationship with their neighbours. This is enhanced by the quality and feel of their communal areas, where neighbours contribute to looking after the area, and also leads to a higher perception of value for money;
- Good experience of repairs service, with those in newer properties or with recent capital investment more likely to be satisfied with the maintenance of their home, and therefore with their landlord;
- 24/7 offering from the Customer First Centre, especially in relation to the repairs service;
- tenants (across all RSLs) who have experienced a range of wraparound services are noticeably more satisfied with and appreciative of their RSL, and are keen to impress on other tenants the value of this assistance. Other tenants responded positively to hearing that these services are provided if they were not already aware; and
- a proactive housing officer who is effective in supporting and signposting tenants such as help to access benefits which tenants weren't aware of eg pension credits.

6.10 In terms of main drivers of dissatisfaction, poor experience with repairs and maintenance, or experience of anti-social behaviour from neighbours were the most common themes.

6.11 A key overall driver was where a tenant considers an issue is not being addressed appropriately or as quickly as they would like. The associated communication in resolving such issues can further exacerbate such issues. We anticipate that the introduction of the new Customer First Centre, focused on first point of contact resolution, should improve this experience for our customers.

Rent Consultation

6.12 Following the Focus Groups, our formal consultation process with tenants encompassed two elements. Firstly, our consultation with all existing tenants based on the options agreed by the Board. In addition to this, ex Barony tenants were asked for their feedback on the existing cap of 2% increase as part of the ballot process for transferring to Dunedin Canmore.

6.13 The consultation commenced on 13th December and closed on Friday 28th January. The process was **managed independently** by Civica, and encompassed two main elements:

- Consultation with ex Barony tenants on the 2% increase agreed as part of the ballot to join; and
- All remaining tenants consulted on the three options through a consultation brochure.

6.14 As part of the process tenants had the option to return a hard copy form or respond to the consultation online. In total approximately 17% of respondents utilised the option to provide their feedback online.

6.15 We received 501 responses from tenants. Civica independently certified the results which confirmed that **76.7% indicated they supported** one of the three options. We also received 10 responses from former Barony tenants on the 2% capped increase agreed as part of the transfer.

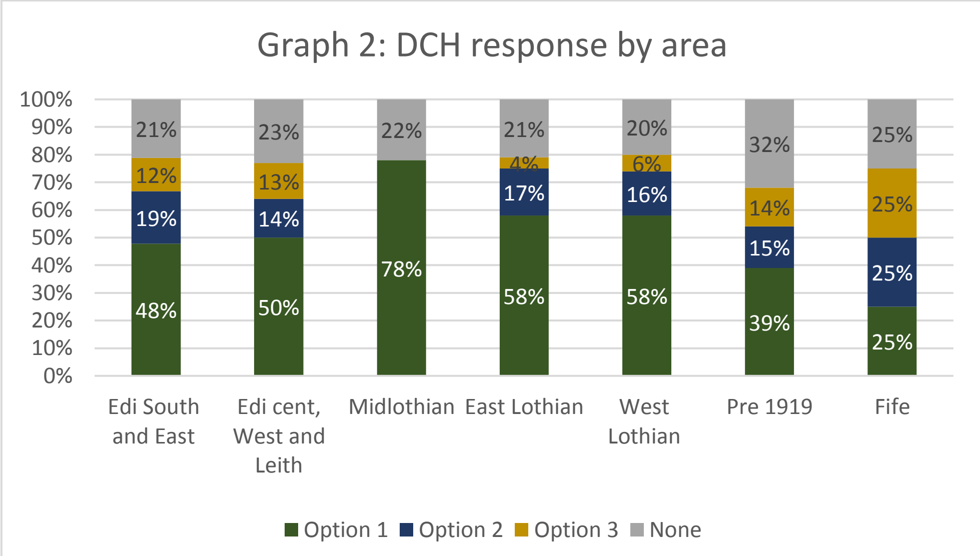
Ex Barony

6.16 A key element of the Barony ballot proposals was the 2% rent guarantee for three years. This is the third year of this promise and ex Barony tenants were given the opportunity to provide feedback during the consultation. As this was agreed by tenants as part of the ballot, this part of the consultation sought primarily quantitative feedback as there were no options.

6.17 We have reviewed all the feedback from ex Barony tenants, which totalled 10 responses. Of those who offered an explicit view in support or not of the proposals, only 3 respondents indicated they did not support the proposal.

All other tenants

6.18 The breakdown of results by area is set out on the next page:



Qualitative feedback

6.19 We invited respondents to provide feedback on why they elected to choose the option they did. An analysis of this feedback is underway and a presentation will be provided at the meeting with the key themes along with comparators of proposed increases of some other RSLs operating in the same locations as us.

Summary

6.20 Our rent proposals are significantly below the current rate of inflation, which is 5.4%. This will support our overarching strategic priority of keeping rents affordable for our tenants.

6.21 Both the response rate and percentage of respondents in support of one of the rent options is an increase from previous years and the first time since 2017 where we have received over 500 returns. Excluding last year's consultation - which received an unusually low response rate owing to the pandemic – we have typically received between 391 and 464 responses. This year we have also seen an increase in the proportion of respondents who supported one of the three options, with this ranging from 62% to 68% over the last four years.

Shared owners

6.22 As advised previously to Board we carried out a separate engagement exercise with our shared owners. This was a telephone survey asking them for their views on our increase proposal; the services we provide and Shared Ownership as a product i.e. does it still work for them? The majority (88%) of those responding were supportive of the increase and it was appreciated that we've managed to keep a low increase given the current rate of inflation.

6.23 One of the most popular asks was for clarity on their service charges, so for this year's review we will update our Occupancy Review notice to include this information.

7. Digital transformation alignment

7.1 Tenants were able to participate in the consultation through a wider range of digital means than ever before. For the first time, we ran on-line focus groups. Responses were also able to be emailed to the independent provider Civica. We also used a wide variety of digital and social media approaches to publicise the consultation.

8. Financial and value for money implications

8.1 The level of rent increase proposed during the consultation included detailed analysis in 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 of the services we provide, particularly repairs, through the rental income.

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 provision of options to tenants during rent setting consultations. The approach taken this year responds to these recommendations.

10. Equalities implications

10.1 An update will be provided at the meeting including analysis of responses relative to protected characteristics where there is sufficient data to draw any conclusions.

11. Environmental and sustainability implications

11.1 No implications noted.

12. Recommendations

12.1 The Board is asked to:

1) Consider the feedback received through the extensive consultation process with tenants on our 2022/23 RSL rent and service charge increase;
2) Approve a 1.9% rent and service charge increase for 2022/23, with the exception of heating/lighting, community alarms, laundry or lift services which are negotiated separately with the relevant contractor;
3) Approve a 1.9% occupancy and service charge increase for shared owners for 2022/23;

4) Approve a 2% increase for ex-Barony tenants in line with the 3-year commitment at ballot; and
5) Agree that we formally write to tenants and shared owners to confirm this subject to Group Board approval.

Report

To:- **Dunedin Canmore Housing Board**

By:- **Chris Cameron, Interim Finance Manager**

Approved by:- **Steven Henderson, Group Director of Finance**

Subject:- **2022/23 Financial projections**

Date of Meeting:- **10 February 2022**

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1. Purpose

1.1 The purpose of this report is:

1) to set out the updated projections for investment in assets and services over the period to 2027, in support of our new strategy, *Your Home, Your Community, Your Future*.
2) seek approval of these updated financial projections, of which the first year will form the draft budget for 2022/23.

2. Authorising context

2.1 Under the terms of the Intra-Group Agreement between Dunedin Canmore Housing ("DCH") and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, we are responsible for approving our own business plan within the parameters set by the Group Board.

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. Risk Appetite and assessment

3.1 Our agreed risk appetite for performance against Group 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".

4. Customer Engagement

4.1 The financial projections are informed by the outcome of the extensive customer consultation exercise we carried out late in 2021, in particular the support customers gave to our proposals to develop a Customer First Centre to allow housing offices to spend more time out and about in our communities.

5. Background

5.1 We are entering a challenging period of higher inflation which places pressure on our operational costs and capital investment spend. Inflation has already risen during the second half of 2021/22 and CPI is at 5.4% at the time of writing, the highest level since the early 1990s. Utility costs in particular, which make up a large proportion of our running costs have contributed to the current rate rises are forecast to rise by around another 60% next year. Efficiencies that we have realised to date are valuable and a focus on value for money remains important particularly in times of cost pressures. We recognise these economic factors will also put pressure on our tenants with rising inflation and an expected tightening of the job market impacting customers' ability to keep their rent accounts up to date.

5.2 In response, updated cost inflation assumptions have been provided in the earlier years of the projections and longer term we hold a prudent inflation assumption of 2.5%, above the Bank of England target rate of 2%. Operating cost efficiencies linked to improved working practices, asset growth and collaboration with service providers continue our focus on value for money savings in the projections. We have retained our provision for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

5.3 During 2021/22, we implemented our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We also re-launched our Customer Service Centre as the "Customer First Centre" with the aim of delivering outstanding customer services. Whilst varying levels of restrictions have been imposed by UK and Scottish Government throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2021/22 assume no further restrictions on our ability to deliver services.

5.4 Discussions with funders on the inclusion of DGHP into the WFL borrower group arrangement and the negotiation of additional debt per unit in our covenants are nearing completion. The projections presented in appendix 1 show base case projections with a development programme in Dunedin Canmore of 749 units in the first 5 years and 904 new homes in total. We have ambitions to grow the development programme. In conjunction, proposals to enter into a partnership with West Lothian Housing Partnership are being explored which would mean that by combining together the strength of both organisations and the additional capacity within the WFL borrower group, Dunedin Canmore could deliver a total of up to 5,000 new homes across a ten year period.

6. Discussion

6.1 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.

6.2 The projections include:

- Proposals to limit the rent increase for 2023 and 2024 to 2.5%; this is well under half the current rate of inflation, and 1.2% below the general rent increase assumption in the other Wheatley RSLs in those years. This responds to the Board's previous views on the comparability of rents with other Wheatley RSLs, and will help reduce the differentials.
- Over the five year period, provision for investment of £29.2m in our existing housing stock.
- Our new build programme, which includes gross development spend of £119.6m projected over the five year period and the completion of 749 social and mid-market rent properties.
- Management and overhead costs decreasing over the 5 year period from £2,947 per unit in 2022/23 to £2,592 in 2026/27. These efficiencies create capacity within Dunedin Canmore to fund the debt required to meet our new build ambitions and invest in services for our customers.

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

Delivering Exceptional Customer Experience

6.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support:

- A contribution of £5.4m over the next five years towards the group's digital transformation strategy. This investment in technology will seek to deliver :-
  - Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)
  - Improve our digital and online repairs services with automated communications and improved access to services, trades and real time feedback channels
  - Housing service improvements such as the environmental service application presented to the Board late in 2021

- The successful launch of the new operating model in 2021/22 and the additional resources in the new Customer First Centre enhancing further our customer service experience

Making the most of our homes and assets

6.4 The projections include £119.6m of gross funding for the new build programme over the five years, delivering 551 new social rent units and 198 mid-market rent properties to be let through our sister company, Lowther Homes. Grant income of £48.3m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. On successful conclusion of our funder negotiations, and assuming the partnership proceeds with West Lothian, the additional capacity available will provide growth in our new build programme to deliver up to 5,000 new affordable homes over a ten year period.

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6.5 In our existing homes, total investment of £29.2m (including inflation) has been included. This work will largely be delivered by our in-house repairs and investment team in Dunedin Canmore Property Services. A small element of discretionary work has been reprofiling into years six to ten and the five year programme includes key workstreams in areas such as new central heating systems, the replacement of bathrooms, kitchens and windows and repairs to our pre-1919 tenemental properties. Provision is also made for works which protect safety and for all compliance requirements in our properties. The projections also allow for the disposal of 28 of the supported housing units which transferred from Barony will be sold over the next two years. These properties are not configured in a way that supports independent living and supported tenants will move to Dunedin Canmore properties more suitable to their needs. This £29.2m of funding coupled with a further £24.0m of repairs will ensure that our properties remain in a good state of maintenance.

6.6 The financial projections include £1.3m of funding in years 1-5 for customer identified investment priorities, “Customer Voice”. Engaging with customers will ensure investment work streams will be better directed towards what customers want.

6.7 The Scottish Government and the Scottish Housing Regulator guidance on the Energy Efficiency Standard for Social Housing (“EESSH”) mark 2 requires, where possible, all properties to be brought up to EPC band B by 2032. Additional provision for capital investment has been made over the life of the plan to bring the 30 year average investment per property up to £30k, which aligns with the level of investment that JLL, the Group’s valuation experts, have estimated is required to achieve this.

Changing lives and communities

6.8 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:

- Funding of £1.4m to the Wheatley Foundation (“The Foundation”) over the first 5 years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need and My Great Start for new tenants.
- The Group-wide Tenancy Support Service (“TSS”) is managed by our colleagues at Wheatley Care. Our financial projections include funding of £0.8m over the five years and in return we receive flexible, tailored support for our vulnerable tenants.
- The Helping Hand Fund has been extended for the first three years of the plan; this funding continues to be relevant with the introduction of universal credit impacting our tenants. The £52k annual provision can provide a “helping hand” towards utility bills, the purchase of food or can be used to help clear rent arrears. This is particularly relevant with the roll out of universal credit. The fund will transfer to (and be funded by) the Wheatley Foundation in 2022/23 with Dunedin Canmore staff able to access it in the same way as before.

Developing our shared capacity

6.9 During 2021/22 we introduced our new ways of working and launched our new Customer First Centre building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. 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 new 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 and in our leadership and graduate programmes. Works to the New Mart Road office are due to be completed in 2022/23 and it will re-open as our new collaborative office hub in Edinburgh and provision for investment in IT will provide staff with the technology they need to work effectively from home or our hubs.

Enabling our ambitions

6.10 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.

6.11 The detailed financial projections and assumptions are provided in the appendices to this report. A summary Statement of Comprehensive Income is shown in Figure 1.

Figure 1: Statement of comprehensive income

Statement of comprehensive income	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Net Rental Income	31,357	32,822	34,317	36,217	37,999
Other Income	3,265	3,383	3,853	4,406	4,645
Grant Income (HAG)	6,411	9,224	21,548	13,941	6,144
Total Income	**41,034**	**45,429**	**59,718**	**54,563**	**48,787**
Management and Service Costs	11,840	11,917	11,370	11,594	11,673
Repair and Maintenance Costs	4,439	4,607	4,789	4,975	5,196
Bad Debts	302	313	323	337	351
Depreciation	10,967	11,840	12,449	12,640	13,025
Operating Expenditure	**27,547**	**28,676**	**28,930**	**29,546**	**30,244**
Gain/(Loss) on Investment Properties	6,585	11,894	(19,952)	(6,518)	5,456
Operating Surplus	**20,071**	**28,646**	**10,836**	**18,499**	**23,999**
Operating Margin (%)	***49%***	***63%***	***18%***	***34%***	***49%***
Finance Costs	(6,490)	(6,693)	(7,441)	(7,953)	(8,261)
Valuation Adjustments	(4,025)	(6,646)	5,506	4,185	2,331
Gain/ (Loss) on sale of property	275	8	0	0	0
Statutory Surplus/(Deficit)	**9,832**	**15,315**	**8,901**	**14,731**	**18,069**

6.12 Over the five year period presented, Dunedin Canmore's Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed units.

6.13 Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 1.9% increase in rent and service charge levels or, where applicable, a 2.0% rent increase capped for a further year to tenants transferring from Barony. The projections also assume a reduction to our operating cost base, with efficiency savings of 12.0% in the cost per unit over the five year period.

6.14 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. Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the first 5 years of the projections. The delivery of new social housing properties will help to strengthen Dunedin Canmore's net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five year period to 2026/27.

Figure 2: Statement of financial position

Statement of financial position	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Housing Assets	377,539	387,543	404,830	417,565	425,795
Other Fixed Assets	7,173	6,847	6,204	5,832	5,650
Investment Properties	54,228	77,710	63,664	62,201	78,391
Total Fixed Assets	**438,940**	**472,100**	**474,698**	**485,597**	**509,836**
Current Assets	13,866	13,996	13,894	13,865	13,845
Current Liabilities	(46,851)	(46,434)	(31,933)	(27,056)	(27,487)
Net Current Assets	**(32,985)**	**(32,438)**	**(18,039)**	**(13,191)**	**(13,641)**
Long-Term Liabilities	(177,133)	(195,526)	(203,623)	(204,639)	(210,359)
Net Assets	**228,821**	**244,136**	**253,036**	**267,767**	**285,836**
Retained Earnings	228,821	244,136	253,036	267,767	285,836
Total Reserves	**228,821**	**244,136**	**253,036**	**267,767**	**285,836**

6.15 The value of housing assets increases by £48.3m across the first 5 years of the projections. This increase in housing assets requires additional debt funding from the Group's internal treasury company, Wheatley Funding No1 Ltd ("WFL1").

6.16 Figure 3 shows the cash position over five years – the net movement in cash reflects Dunedin Canmore's borrowing requirements from WFL1 in line with new build expenditure. Our borrowing levels are, however, sustainable and fully funded within our financial projections.

Figure 3: Cashflows generated

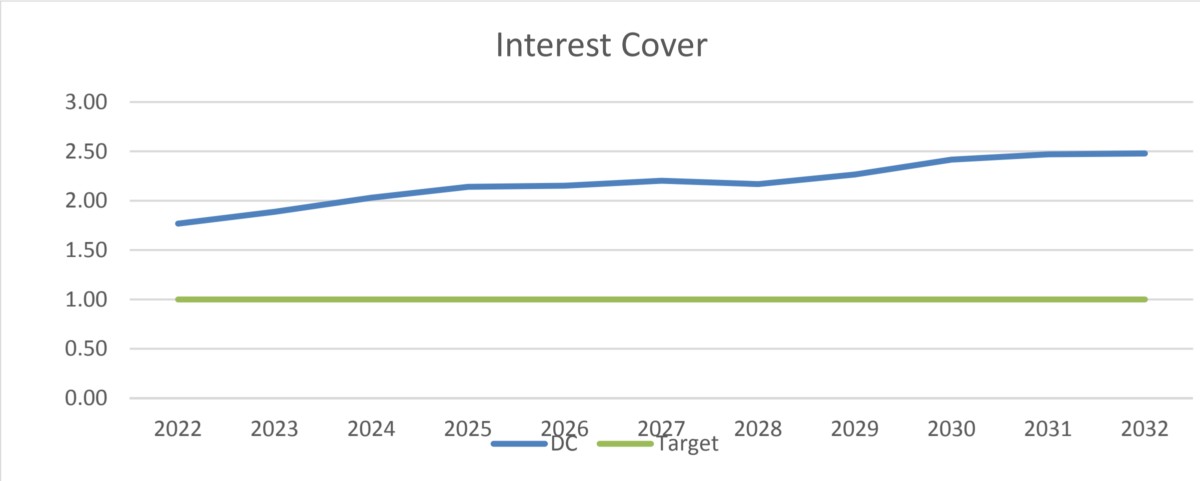
Cashflow	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Net rental income	36,401	38,146	40,403	42,831	44,891
Operating Expenditure	(18,752)	(19,134)	(18,755)	(19,268)	(19,689)
Net Cash from Operating Activities	**17,650**	**19,012**	**21,648**	**23,563**	**25,202**
Core and other Capital Expenditure	(8,020)	(7,780)	(7,454)	(7,555)	(8,511)
New Build Expenditure	(28,773)	(31,566)	(21,153)	(17,711)	(20,360)
Proceeds from sale of property	975	580	0	0	0
Grant income	16,832	8,806	7,048	9,063	6,574
Net cash used in investing activities	**(18,985)**	**(29,960)**	**(21,559)**	**(16,204)**	**(22,296)**
Finance costs	(6,380)	(6,885)	(7,610)	(7,783)	(8,017)
Net movement in cash	**(7,716)**	**(17,833)**	**(7,521)**	**(424)**	**(5,111)**

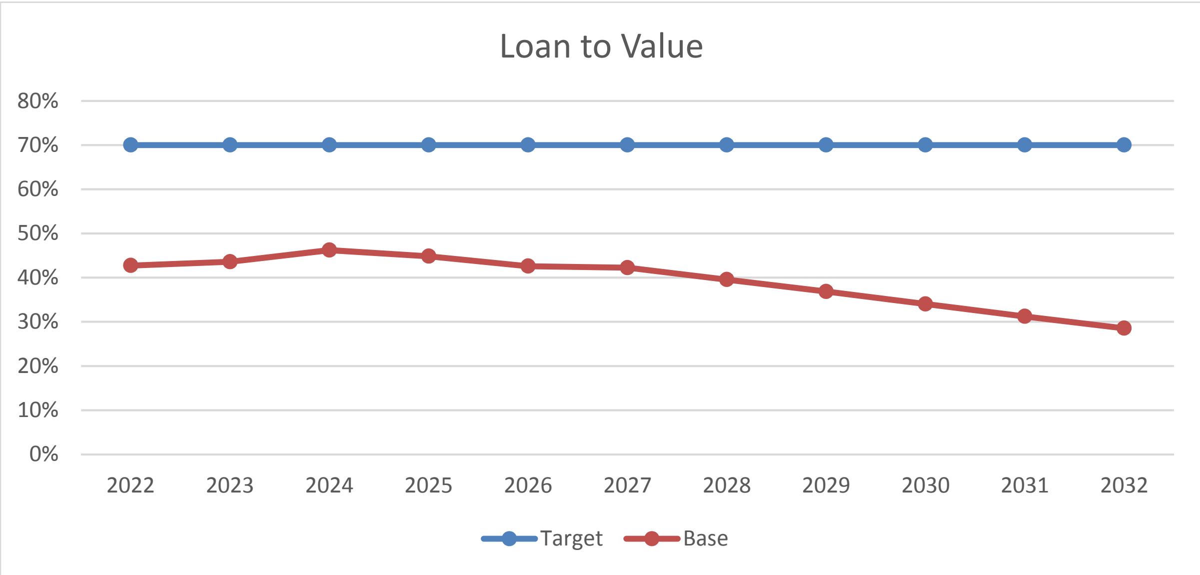
6.17 As there is a time lag between expenditure and the generation of additional rental income, our finance costs increase before we realise the benefit of additional rents from new build properties. Upon completion of the new build programme debt repayments will commence, reducing the associated finance costs, thereby improving the cash position.

6.18 We must ensure that Dunedin Canmore and the other 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. Ideally 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 4: Key Financial Ratios





6.19 As shown above Dunedin Canmore will generate sufficient income from operating activities to fund investment and finance costs with the level of cover increasing as rental income is earned from completed new build properties. Loan to value decreases from 44% in 2022/23 to 42% by 2026/27 and further reducing to 29% over the ten year period to 2031/32. This is well below our golden rule policy of remaining below 70% loan to value. This demonstrates that Dunedin Canmore will have sufficient asset cover to support loans and undertake a larger new build programme over the ten year period.

6.20 On successful completion of funder negotiations, and assuming the partnership with WLHP, the changes will allow Dunedin Canmore to fund up to 5,000 new homes over the next ten years. The improving surplus position and loan to value capacity will be important in that context as part of helping us support higher interest costs while the properties are being built. The financial impacts of joining with WLHP are included in the separate paper on the agenda.

7. Digital transformation alignment

7.1 No direct implications

8. Financial and value for money implications

8.1 Revised financial projections for Dunedin Canmore are summarised in section 6 above and in Appendix 1. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 23 February. The figures in the first year of the projections, 2022/23, 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. Equalities impact

10.1 Not directly applicable

11. Environmental and sustainability implications

11.1 Not directly applicable.

12. Recommendations

12.1 The Board is requested to:

1) Approve the updated projections for investment in assets and services over the five year period to 2027; and
2) Agree that the projected 2022/23 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

LIST OF APPENDICES

Appendix 1 – Dunedin Canmore Housing Association 2022/23 Detailed Financial Projections

Business Plan: Financial Projections – 2022/23

1. Headlines

This year, 2021/22, saw the implementation of our new operating model across the Group, with the introduction of flexible, agile based working, which harnesses the power of technology to enable staff to work from any location and respond to changing customer demands. We also re-launched our Customer Service Centre as the “Customer First Centre” with the aim of delivering outstanding customer services.

Whilst varying levels of restrictions have been imposed by UK and Scottish Government throughout 2021/22 in relation to the Covid-19 pandemic, our new operating model has minimised the impact on the business and enabled us to continue to deliver services to our customers. The financial projections for 2021/22 assume no further restrictions on our ability to deliver services.

Dunedin Canmore is forecast to complete 90 new build properties in 2021/22 at South Gilmerton, Newmills and Wisp 3c and projected to invest £6.9m in existing homes this year.

Looking towards 2022/23, the sector will face a challenging economic environment. Inflation has already risen during the second half of 2021/22 and CPI is at 5.4% at the time of writing, the highest level since the early 1990s. Expectations are that the rate of price rises will remain high for a period of two years before returning to lower levels in 2024/25. Utility costs in particular, which make up a large proportion of our running costs, are forecast to rise by around 60% next year. Recognising these economic factors will also put pressure on our tenants with rising inflation and an expected tightening of the job market impacting customers’ ability to keep their rent accounts up to date, we have retained provision in the projections for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

The 2022/23 updated financial projections include:

- Provision to build 749 new social and mid-market rented homes over the next five years, with a further 904 units to be delivered in the period up to March 2028.
- A further £29.2m of investment in existing housing stock
- Contribution of £5.4m to the Group’s IT investment, helping to support the strategic aims in the 2021-26 strategy
- £1.4m in donations to the Wheatley Foundation

During the development period, Dunedin Canmore financial forecasts are driven by the profile of the development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line statutory surplus, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme.

DCH's peak net debt occurs in 2026/27 and finance costs on the debt borrowed from Wheatley Funding Limited 1 steadily increase as we approach this year. This is in advance of the significant financial benefit from increased rental and lease income and during the development periods lower statutory surpluses are reported.

After 2027/28 and the completion of the new build programme, income increases and operating cost per unit decreases due to efficiencies achieved over a larger property base. Overall this results in a strengthening of the financial position of Dunedin Canmore.

It is important to note that rent increases in line with those assumed in our strategy, and continued control of costs are an important aspect of managing the financial position.

We have ambitions to grow the size and scale of our development programme in Dunedin Canmore beyond the 904 new properties included in these financial projections and expect to have legal agreements in place with our funders by 31 March 2022 which would secure an increase in our covenant measures to allow WFL1 to raise additional funding in the market. This new funding would be made available to Wheatley Group RSLs. Options are also being explored around a potential partnership with West Lothian Housing Partnership which would mean that together with the WFL1 changes up to 5,000 new homes could be delivered by Dunedin Canmore over the next ten years with 1,000 of these in West Lothian.

2. Key assumptions

The key financial assumptions in the 2022/23 Business Plan are highlighted below. All figures include VAT, where applicable but not inflation (unless stated otherwise).

2.1 Stock Numbers

Social Housing

Opening social housing stock numbers reflect the actual stock as at 31 March 2021 updated with the projected new build completions during 2021/22. The 2022/23 projections assume an opening balance of 5,845 properties, the split of which is shown in table 1 below.

Table 1 – Opening Social Housing Stock

	General Needs	Supported Housing	Shared Ownership	Total Units
Opening Stock	5,147	289	342	5,778

Over the next 7 years of the plan it is anticipated that 616 new homes for social rent will be delivered as a result of our development programme, with 546 of these units expected to be delivered in the first 5 years. It is further assumed that 28 of the supported housing units which transferred from Barony will be sold over the next two years. These properties do not allow for tenants residing in the accommodation to live independently and a disposal and re-provisioning strategy had been previously approved by the Barony Board prior to the transfer. Table 2 below shows the profile of self-contained units for social housing (excluding shared ownership units) over the period of the projections.

Table 2 – Social Housing Stock Profile

General & Supported Housing	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Stock	**5,436**	**5,503**	**5,610**	**5,757**	**5,904**
New Build	80	122	147	147	50
Sales	(13)	(15)	-	-	-
Closing Stock	**5,503**	**5,610**	**5,757**	**5,904**	**5,954**

Other Affordable Housing

In addition to social housing DCH own investment properties for mid-market rent ("MMR"). These properties will continue to be managed under a lease arrangement with Lowther Homes with the letting and management risk being taken by Lowther. On-going capital works costs will remain Dunedin Canmore's responsibility and these costs are contained within the business plan assumptions moving forward.

Opening stock numbers reflect the actual stock as at 31 March 2021, updated for developments completed during 2021/22. The projections include the expected delivery of 288 affordable mid-market rent properties over the next 6 years, with 203 of these units expected to be delivered in the next 5 years, as shown in table 3 below.

Table 3 – Mid Market Rent Stock Profile

Mid Market Rent	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Stock	**378**	**390**	**390**	**499**	**551**
New Build	12	0	109	52	30
Closing Stock	**390**	**390**	**499**	**551**	**581**

2.2 Rent and Service Charge Income

The plan assumes an average weekly rent based on the actual current average rent and, subject to Board approval, a 1.9% rent increase in April 2022. For the properties transferred from Barony HA, this is the final year of the 2% rent increase agreed as part of the partnership commitments made to Barony tenants.

Table 4 – Rent and service charge increase assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Increase (existing DC tenants)	1.9%	2.5%	2.5%	3.5%	2.9%
Increase (Barony tenants)	2.0%	2.5%	2.5%	3.5%	2.9%

As the MMR properties are completed, income from the lease arrangement with Lowther will commence. The value of the lease will be determined on a scheme by scheme basis and the annual income varies from £4,100 per unit to £6,600 per unit within the projections. The value of these leases have been determined so that DCH receive a sufficient return to cover the funding costs associated with them together with the cost of any capital replacements.

2.3 Other Income

Other rental income
This income reflects the lease income received from Lowther for MMR properties as well as commercial property income.

Supporting People Grants
The financial projections assume DCH will receive £477k of grant income to provide support services at Dunedin Harbour. This reflects a revised contract which is expected to be agreed before 1 April 2022. No inflationary increases have been assumed in the projections for future years.

Dunedin Canmore Property Services – Net Surplus

Income is assumed to be received from other group subsidiaries (namely West Lothian Housing Partnership and Lowther Homes) in respect of repairs and capital works carried out by Dunedin Canmore Property Services ("DCPS"). This is offset by costs for the provision of the repairs service, namely staffing and materials, and, along with surpluses on external works, is anticipated to result in an estimated margin of £88k in 2022/23. Income is referenced to repairs and investment spend in the financial projections. Staff costs are forecast to increase in line with salary inflation each year and material cost assumptions are linked to general cost inflation assumptions.

Other

Other income received by Dunedin Canmore Housing includes medical adaptation grant income and some minor miscellaneous income at the Harbour and Sheltered services.

Table 5 below shows the projected other income (including inflation) for the first five years of the 2020/21 Financial Projections. Over the period other rental income is expected to increase substantially primarily as a result of an increase in lease income received from Lowther Homes in respect of the mid-market rent properties.

Table 5 – Other Income (including inflation)

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Other Rental Income	2,410	2,520	2,983	3,529	3,876
Supporting People Grant	477	477	477	477	361
DCPS Net Surplus	88	91	94	96	99
Other Income	289	294	299	304	308
Total	**3,265**	**3,383**	**3,853**	**4,406**	**4,645**

2.4 Inflation Assumptions

Prices had been expected to rise on the resumption of more normal trading conditions as the restrictions put in place during the Covid pandemic were removed and provision for moderate price rises had been built into our prior year projections. Inflation in the UK has climbed sharply from 0.7% in March 2021 to 5.4% by December 2021, the highest rate since the early 1990s and well above the Bank of England target rate of 2%.

With further significant energy price increases expected over the coming year and with continuing supply issues and staffing shortages, inflation is expected to remain high for up to two years before moving back to lower levels as the market stabilises. We have updated the cost assumptions to reflect the current high rate of inflation within our 2022/23 financial projections. This includes an increase of 60% in utility costs and a 10% rise in insurance premiums. In years 2 and 3 our forecasts reflect an assumed general cost inflation of 3.0%, with a long term outlook of 2.5% from year 4 onwards, retaining an element of prudence in our forecasts.

Table 6 – Inflation Assumptions

General Inflation Assumptions	2022/23	2023/24	2024/25	2025/26	2026/27
General cost inflation	3.0%	3.0%	3.0%	2.5%	2.5%
Cost inflation – utilities	60.0%	0%	(6.0%)	(1.0%)	2.5%
Cost inflation - insurance	10.0%	3.0%	3.0%	2.5%	2.5%
Wage inflation	3.5%	2.5%	2.0%	2.0%	2.0%

2.5 Operating Performance

The percentage of rent lost to voids and bad debts assumed has been based on historical performance of general needs housing together with our expectations going forward. Table 7 below shows the assumptions in the plan for the next five years.

Table 7 – Void, Bad Debt, and Arrears Assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Routine voids (%)	1.5%	1.5%	1.5%	1.0%	1.0%
Bad debts (%)	1.1%	1.1%	1.1%	1.1%	1.1%
Arrears (£'000)	1,438	1,735	1,532	1,473	1,434

The plan assumes voids to remain constant at 1.5% of rental income for the first 3 years of the plan, before reducing to 1% for the remaining 2 years. For the properties transferred from Barony HA the void assumption is 3% which takes account of the specific service provision in supported properties. Year to date void performance in 2020/21 is 1.17% with the provision in the financial projections being prudent compared to current rates.

The bad debt assumption of 1.1% is higher than current performance and has been set to allow for an increase in recognition of the potential impact of Welfare Reform and the onging move of tenants onto Universal Credit from legacy benefits. This has been set cautiously, and includes recognition of the potential impact of the pandemic on tenants' ability to pay rent and keep their accounts up to date. Our Business Plan assumptions on movements in arrears as a result of universal credit have been updated to reflect our experience and expectations going forward including:-

- A further 1,450 tenants assumed to move on to universal credit over the next five years (a total of 3,000 tenants on UC)
- 80% of tenants who move on to universal credit will have an increase in arrears, with this increase equivalent to 5 weeks rent; and
- Of this increased arrears balance it is assumed only 40% will be recovered with this recovery taking up to two years.

2.6 Management Costs

Employee and running costs within the financial projections reflect the changes in structure, and cost efficiency savings, made during the past few years.

An additional cost allowance has been made in the projections to provide for the management costs of additional units delivered through the new build programme in all years.

An additional cost allowance has been made in the projections to provide for the management costs of additional units delivered through the new build programme in all years.

Charges from Group in respect of central and support services such as Finance, IT, HR and procurement are assumed to be £3,574k in 2022/23. This is proposed to decrease in future years linked to staff and running cost efficiency savings being achieved.

The table below shows the revised profile of staffing, running costs and Group Recharges (excluding inflation and pay uplifts).

Table 8 – Management costs (excluding inflation)

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Employee Costs	4,076	3,840	3,626	3,626	3,549
Running Costs	3,727	3,709	3,616	3,573	3,548
Group Recharges	3,574	3,529	3,475	3,467	3,408
Total	**11,376**	**11,077**	**10,717**	**10,667**	**10,505**

2.7 Asset Management and Growth

a) Repairs & Maintenance

The repairs service continues to be a high priority for our customers. The majority of repairs and maintenance services to Dunedin Canmore Housing are carried out in-house by Dunedin Canmore Property Services ("DCPS").

Routine and planned maintenance costs are assumed to be £2,643k and £1,795k respectively in 2022/23. As new build properties are completed, additional budget is provided for the repair and maintenance of these properties. Over the five year period the average repair cost per unit (excluding inflation) is expected to decrease to £782. Costs in 2021/22 have been running high due to additional customer demand for reactive works following remobilisation of the service coming out of the pandemic. Repairs demand is expected to return to levels closer to pre- Covid levels.

Table 9 – Routine and Planned Maintenance Costs (excluding inflation)

Repairs	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Routine Maintenance	2,643	2,645	2,652	2,677	2,730
Planned Maintenance	1,795	1,828	1,862	1,876	1,909
Total	**4,439**	**4,473**	**4,514**	**4,553**	**4,639**
Average No. of Units	5,470	5,557	5,684	5,831	5,932
Average Repair cost per unit (£)	**812**	**805**	**794**	**781**	**782**

b) Capital Investment

In previous years DCH has completed a major programme of investment, ensuring all properties met Scottish Housing Quality Standard ("SHQS"). These projections support our commitment to provide quality homes for rent and maximise customer satisfaction. The projections also reflect the commitments made to transferring Barony tenants to deliver additional investment in their properties.

The table below shows the assumed capital spend over the next five years which totals £29.2m, and includes inflation.

Table 10 – Investment assumed in existing stock (including inflation)

Capital Programme	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Core Programme	4,707	4,830	4,635	4,667	5,556
Void Repairs	740	762	785	805	825
Medical Adaptations	171	176	181	186	190
Total	**5,618**	**5,768**	**5,601**	**5,658**	**6,571**

Scottish Government and the Scottish Housing Regulator published further guidance on the achievement of EEESH2 which requires, where possible, all properties to be bought up to EPC band B by 2032. Total provision for capital investment has been made over the life of the plan to bring the 30 year capital investment core provision to £163m which equates to an average capital investment provision per property of £31k. This aligns with the level of long terms investment JLL, the Group's valuation experts, have estimated when undertaking the most recent valuation of housing properties.

c) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £40.2m. 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. Dunedin Canmore makes a capital contribution towards the overall Group IT capital costs. The table below details Dunedin Canmore's total contribution of £5.4m over the next 5 years.

Table 11 – IT Capital Contribution (including inflation)

IT Capital Programme	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
IT Capital Contribution	1,464	1,074	921	948	970

Key investment in technology is planned across a number of areas including:

- Development of homeworking services to staff, network and voice investment across core services, cloud-hosted voice platform for staff and call centre services, improved Group connectivity aligned to mobile/agile staff service delivery, increased use of mobile devices and core desktop delivery improvements and improved end-user security.
- Moving to cloud-hosted services and closures to our data centre hosting arrangements and information security improvements. Application service and platform upgrades improving overall security and incorporating the latest features and functions
- Housing service improvements across virtual patches, improved online services and customer engagement and automating tasks and activities.

- Community digital engagement platforms and applications, aligning customer and community outcomes and providing information and collaboration services, implementing a predictive data science programme and extending and enhancing our online services

- Improved customer applications and services across mobile devices and core services (such as Home Comforts, Universal Credit and money advice, tenancy support services and digital access to housing staff for information and advice)

- Improving our digital and online repairs services though automated communications and improved access to services and trades and real-time customer feedback channel.

d) New Build Programme

The new build programme is set out at Section 2.1 and reports 904 new units (621 for social rent and 283 for mid-market rent), of which 749 are anticipated to be completed within the next five years. Table 12 summarises the investment in new build homes over the next five years.

Table 12 – Development Programme cost and grant (including inflation)

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Social Housing					
Development Costs	20,601	20,342	15,659	12,837	9,826
Grant Income	12,459	6,907	7,048	6,319	3,199
Net Cost	**8,142**	**13,435**	**8,611**	**6,518**	**6,627**
Units Completed	80	122	147	147	55
Mid Market Rent					
Development Costs	8,171	11,224	5,494	4,875	10,534
Grant Income	4,373	1,899	0	2,744	3,375
Net Cost	**3,798**	**9,325**	**5,494**	**2,131**	**7,159**
Units Completed	12	0	109	52	25

2.8 Initiatives and Other Provisions

a) Initiatives

The projections also include provision for various initiatives which are available to tenants.

The largest of those is our contribution to the Wheatley Foundation of £1.4m over the course of the 5 year plan. Of this donation £0.9m relates to the provision of welfare benefit advice. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits.

Other initiatives include the tenancy support service (“TSS”), provided by colleagues from Wheatley Care, to help our tenants who are struggling to sustain their tenancy due to underlying mental health or other personal challenges. Our contribution to TSS is £0.8m over the course of the 5 year plan.

Helping Hand funding helps those in financial difficulty, particularly those who are in and out of jobs or whose benefits may change as a result of universal credit. From 2022/23 this will be delivered through the Wheatley Foundation with Dunedin Canmore staff continuing to access it in the same way.

All tenants can talk with a Welfare Benefits or Fuel Advisor for support in managing their money and bills. The aim of these initiatives is to help our tenants sustain their tenancy, and to maintain our sector leading performance in tenancy sustainment for more than a year.

These provisions are considered to be 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 Dunedin Canmore over the long term.

2.9 Operating Cost Per Unit

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period and are set out in Table 12 below.

Table 13 – Operating cost per unit (excluding depreciation and inflation)

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Operating Costs (£'000) (Excl Depreciation)	16,117	15,883	15,536	15,472	15,374
Average No. of Units in Year	5,470	5,557	5,684	5,831	5,932
Operating Cost per Unit (£) (Excl Depreciation)	**2,947**	**2,858**	**2,733**	**2,654**	**2,592**

The financial projections assume an operating cost per unit of £2,947 in 2022/23, reducing by 12.0% to £2,592 in 2026/27. The trend shows that the plan assumes DCH will become more efficient in its use of resources as it manages more units added through planned asset growth. Efficiency savings will also arise with continuing investment in service transformation, including self-service and automated services delivered in conjunction with Wheatley Solutions.

2.10 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 Limited 1 ("WFL1") at an assumed blended "all in" average funding rate of 4.5% in 2022-24, 4.6% in 2024-26 and 4.7% thereafter. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

The interest rate receivable on cash balances has also been revised to reflect current market expectations as shown.

Table 14 – Interest Rate Assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27
Interest Payable (Group Funding)	4.50%	4.50%	4.60%	4.60%	4.70%
Interest Receivable	0.25%	0.50%	1.00%	1.50%	2.00%

3. Financial projections

a) Statement of Comprehensive Income

Table 15 – Income and Expenditure Projections

Statement of comprehensive income	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net Rental Income	31,357	32,822	34,317	36,217	37,999
Other Income	3,265	3,383	3,853	4,406	4,645
Grant Income (HAG)	6,411	9,224	21,548	13,941	6,144
Total Income	**41,034**	**45,429**	**59,718**	**54,563**	**48,787**
Management and Service Costs	11,840	11,917	11,370	11,594	11,673
Repair and Maintenance Costs	4,439	4,607	4,789	4,975	5,196
Bad Debts	302	313	323	337	351
Depreciation	10,967	11,840	12,449	12,640	13,025
Operating Expenditure	**27,547**	**28,676**	**28,930**	**29,546**	**30,244**
Gain/(Loss) on Investment Properties	6,585	11,894	(19,952)	(6,518)	5,456
Operating Surplus	**20,071**	**28,646**	**10,836**	**18,499**	**23,999**
Operating Margin (%)	***49%***	***63%***	***18%***	***34%***	***49%***
Finance Costs	(6,490)	(6,693)	(7,441)	(7,953)	(8,261)
Valuation Adjustments	(4,025)	(6,646)	5,506	4,185	2,331
Gain/ (Loss) on sale of property	275	8	0	0	0
Statutory Surplus/(Deficit)	**9,832**	**15,315**	**8,901**	**14,731**	**18,069**

Rental income

Investment in the new build program & assumed rental increases will generate 21.2% growth in rental income over the next 5 years. Net rental income includes service charge income which is received in relation to a number of services provided to tenants including heating, stair-lighting, gardening, support services and equipment.

Grant income

In line with SORP 2014, grant income received in respect of new build developments is recognised on completion of the units. The result of this is operating margin increasing or decreasing in line with the level of grant income.

Expenditure

Operating expenditure is forecast to increase by £2.7m over the five year period. This is due to a number of factors, including additional management and repair costs linked to the additional stock, inflation, and higher depreciation charges linked to investment in new and existing housing stock. This increase is lower than the anticipated growth in income, as efficiencies generated from Group and changes in how staff deliver our services is expected to reduce the average operating cost per unit, excluding depreciation and inflation by 12% over the 5 years of the projections from £2,947 in 2022/23 to £2,592 in 2026/27.

Finance Costs

Funding costs reflect the costs associated with group funding arrangements and increase over the period due to the additional borrowing required to fund the new build programme.

Valuation Adjustments

Both social rent and mid-market rent properties are held on the Statement of Financial Position at value. Valuations are carried out annually with any increase or decrease recognised within the Statement of Comprehensive Income. As mid-market rent properties are classified as investment properties, movement in the value of these properties is included in operating surplus.

Statutory Surplus

The completion of new units has a significant impact on the reported statutory surplus. 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 taken into account 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.

b) Statement of Financial Position

Table 16 – Statement of Financial Position

Statement of financial position	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Housing Assets	377,539	387,543	404,830	417,565	425,795
Other Fixed Assets	7,173	6,847	6,204	5,832	5,650
Investment Properties	54,228	77,710	63,664	62,201	78,391
Total Fixed Assets	**438,940**	**472,100**	**474,698**	**485,597**	**509,836**
Current Assets	13,866	13,996	13,894	13,865	13,845
Current Liabilities	(46,851)	(46,434)	(31,933)	(27,056)	(27,487)
Net Current Assets	**(32,985)**	**(32,438)**	**(18,039)**	**(13,191)**	**(13,641)**
Long-Term Liabilities	(177,133)	(195,526)	(203,623)	(204,639)	(210,359)
Net Assets	**228,821**	**244,136**	**253,036**	**267,767**	**285,836**
Retained Earnings	228,821	244,136	253,036	267,767	285,836
Total Reserves	**228,821**	**244,136**	**253,036**	**267,767**	**285,836**

<u>Housing Assets</u>
Housing and Investment properties have been adjusted to reflect annual valuation movements. Properties are reported at cost within the Balance Sheet during construction and at value once complete. Over the five year period, the value of housing and investment properties is expected to increase by 15.3%, due primarily to the construction of new build properties.

Other Assets
The value of our other assets, which include improvements to our office and environmental equipment purchases, are projected to remain broadly static across the next five years as depreciation charges increase relative to additions.

Current Assets
Other current assets include cash, rent arrears, net of bad debt provision and other debtors, such as insurance prepayments. These are forecast to remain relatively constant throughout the 5 year plan.

Cash is expected to remain relatively constant during the years of construction activity. This is because funding will be drawn down as construction work proceeds. Once the new build programme is complete, we anticipate cash levels to increase to allow for further development or for capital repayments to commence.

Current Liabilities
Grant income associated with new build properties is held as a current liability until completion at which point it transfers to income. The movement in current liabilities over the period is therefore due to completion of new build schemes.

Long-Term Liabilities
Long-term liabilities predominantly relate to the loans due from DCH to Wheatley Funding Limited 1 (“WFL1”), THFC, and Allia. The balance due to WFL1 peaks in 2026/27. Long term liabilities also include a pension liability of £3.2m.

Retained Earnings
Retained earnings increase over the period as a result of surpluses generated each year.

c) Cashflow

Table 17 – Cashflow Projections

Cashflow	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Net rental income	36,401	38,146	40,403	42,831	44,891
Operating Expenditure	(18,752)	(19,134)	(18,755)	(19,268)	(19,689)
Net Cash from Operating Activities	**17,650**	**19,012**	**21,648**	**23,563**	**25,202**
Core and other Capital Expenditure	(8,020)	(7,780)	(7,454)	(7,555)	(8,511)
New Build Expenditure	(28,773)	(31,566)	(21,153)	(17,711)	(20,360)
Proceeds from sale of property	975	580	0	0	0
Grant income	16,832	8,806	7,048	9,063	6,574
Net cash used in investing activities	**(18,985)**	**(29,960)**	**(21,559)**	**(16,204)**	**(22,296)**
Finance costs	(6,380)	(6,885)	(7,610)	(7,783)	(8,017)
Net movement in cash	**(7,716)**	**(17,833)**	**(7,521)**	**(424)**	**(5,111)**

Net Cash from Operating Activities

Cash from operating activities shows a steady increase over the period as a result of additional income from new build properties and a reduction in costs due to efficiency savings.

Net Cash used in Investing Activities

This reflects the on-going core programme and other investment works, and the new build programme which varies in line with the new build programme.

Finance Costs

Finance costs relate to the interest due on our loans with WFL1, THFC, and Allia. As expenditure is incurred to pay for our new build programme, Dunedin Canmore will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2027/28.

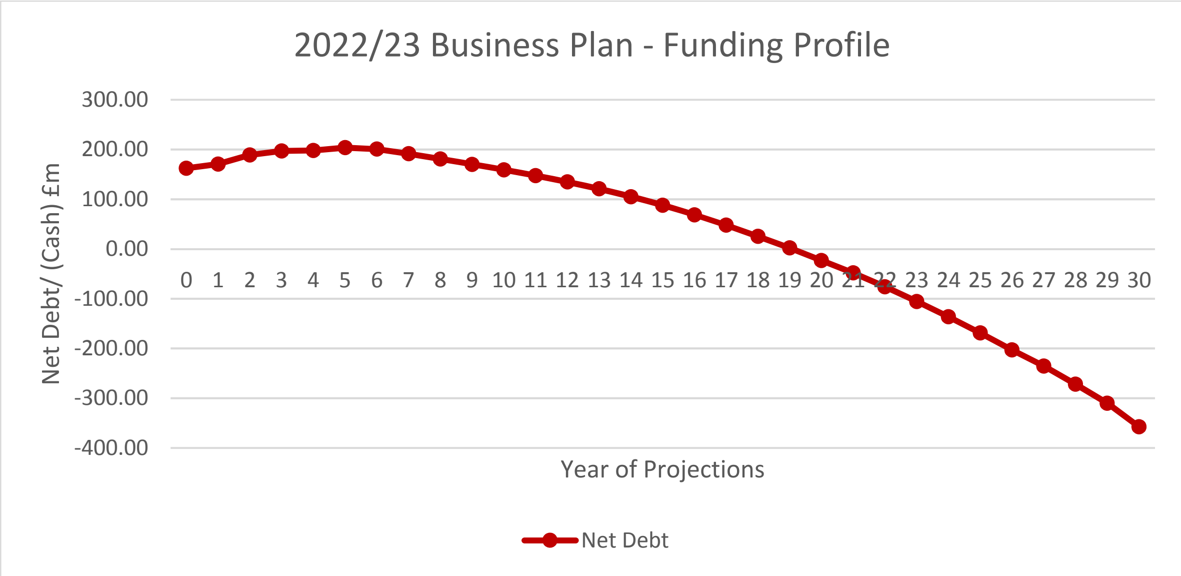
Net Movement in Cash

Across the five years of the plan we anticipate a £38.6m net decrease in cash. This is due to the significant investment in the new build programme.

4. Key Financial Parameters

Dunedin Canmore can borrow from WFL1, subject to debt facilities being available, debt that is supported with its assets and cash flows. Dunedin Canmore, together with all the other RSLs in the Borrowing Group, needs to ensure that all external funding conditions at WFL1 level are met at all times, including compliance with financial covenants. Whilst there are no specific financial covenants at individual RSL level, it is the delivery of the approved business plan financials by each RSL that is key to meeting funding conditions at WFL1.

The resulting debt profile for DCH is as follows:



Indicator	Value
Peak debt	£203.8m
Peak year	2026/27
Repayment year	2041/42 (year 20)
Closing cash	£357.4m

The following criteria need to be taken account when assessing impact of any risks or business decisions on the business plan:

i. Operating margin generation

In the long term operating surplus needs to be sufficient to service debt, i.e. meet interest payments on debt balances and achieve overall financial surplus every year. The business plan assumes that Dunedin Canmore will generate the following operating margins over the next 5 years

Operating Margin	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Income (excluding grant income and property valuation movement)	34,623	36,205	38,170	40,622	42,643
Adjusted Operating Surplus	7,075	7,528	9,240	11,076	12,399
Adjusted Operating Margin (%)	***20.44%***	***20.79%***	***24.21%***	***27.27%***	***29.08%***

The adjusted operating margin, which excludes grant income and valuation movements, is lower than operating margin reported in the Statement of Comprehensive Income illustrating the impact that the recognition of grant income on completion of new build has on the results. As new build properties are completed, income increases and the operating costs per unit gradually decrease from efficiencies resulting in the improvement in the operating margin.

ii. Cashflow strength

Cashflows need to be sufficient to demonstrate that there is sufficient 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 operations, such as grant income and property valuation movements, to assess the funds available to meet interest payments after deducting spend on capital investment. 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, long term, the interest cover ratio needs to be comfortably over 1 to demonstrate sufficient capacity to repay capital.

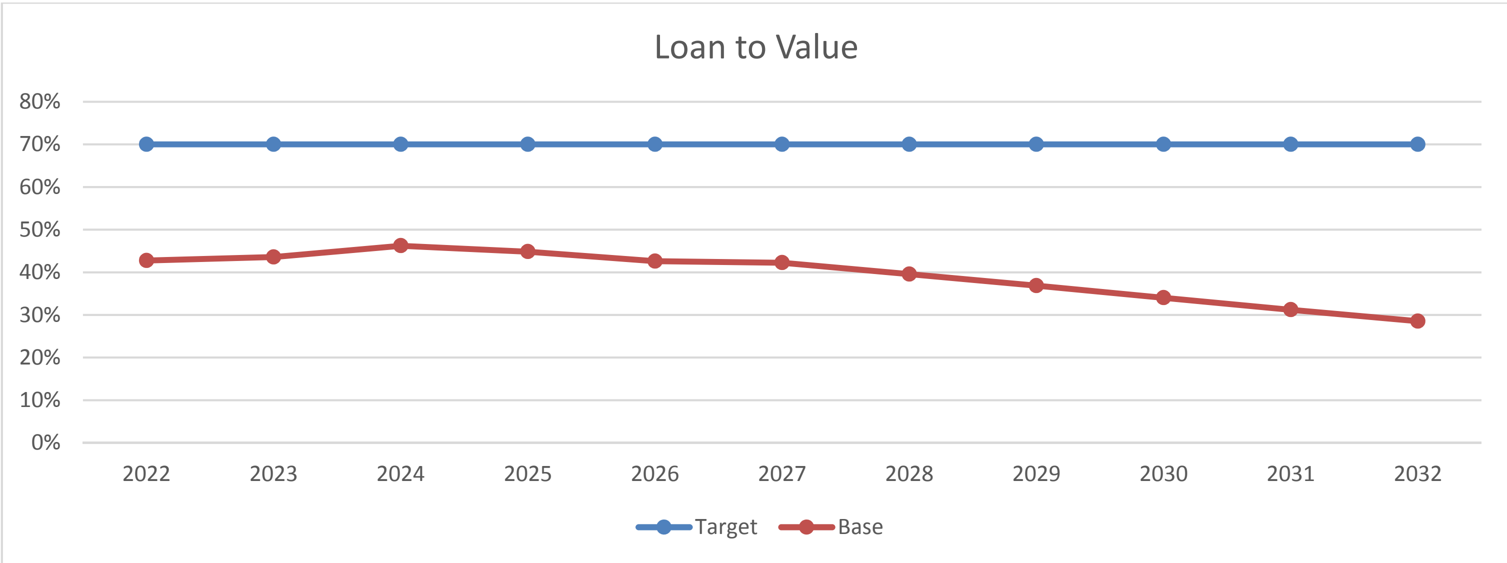
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
EBITDA	**18,043**	**19,368**	**21,688**	**23,716**	**25,424**
Less Capital Investment (Existing Properties)	(6,555)	(6,706)	(6,533)	(6,608)	(7,541)
EBITDA MRI	**11,487**	**12,662**	**15,155**	**17,108**	**17,883**
Net Interest Payable	(6,496)	(6,706)	(7,466)	(7,990)	(8,311)
Interest Cover	**1.77x**	**1.89x**	**2.03x**	**2.14x**	**2.15x**

Interest cover is above 1 in all years of the projections and it shows an upward trend over the 5 years of the projections. Once the remaining new build units are complete and peak debt is reached, the ratio strengthens further over the remainder of the plan. This demonstrates the continued importance of managing DCH's cost base.

Over the longer term it is projected that debt can be repaid in year 20 of the plan with £357.4m of cash generated by year 30.

iii. Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. The Dunedin Canmore investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. Assets are typically based on the cash flows associated with these assets, business decisions, e.g. in relation to rent growth, will have an impact on asset values. The loan to value profile for Dunedin Canmore is shown in the chart below:



Loan to value is 43% in 2022/23 and moves up to 46% in 2023/24, and steadily improves as completed new build properties increase the assets values This is well below the golden rule policy level of 70% loan to value and demonstrates the financial capacity available in Dunedin Canmore to increase the size of their new build programme.

5. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors such as inflation and the cost base. These scenarios are presented in the below table, and consider changes to multiple Business Planning assumptions, the impacts of these, and mitigating measures.

		Revenue Surplus less - capital investment - Interest Cover					Cash Flow				
#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	1.77	1.89	2.03	2.14	2.15	203,788	20	310,158	46%	
1	Cost inflation higher by 0.5% in years 2-5	1.77	1.88	2.02	2.12	2.12	204,898	20	291,235	47%	Expected reduction in interest cover is realised. Performance monitoring to identify other cost areas of the business where efficiencies may be available in order to realise potential savings.
2	Rent increase reduced to 2% from year 2, for the duration of the plan	1.77	1.87	1.99	2.04	2.01	206,066	22	188,054	47%	Reduction in rental income results in worsening of interest cover, increased debt and reduced closing cash. Performance management, efficiency savings and review of services required to reduce costs.

		Revenue Surplus less - capital investment - Interest Cover					Cash Flow				
#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.77**	**1.89**	**2.03**	**2.14**	**2.15**	**203,788**	**20**	**310,158**	**46%**	
3	Bad debts increased by 1% from year 1	**1.72**	**1.84**	**1.98**	**2.09**	**2.10**	**205,635**	**20**	**290,843**	**47%**	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 are not achieved	**1.75**	**1.86**	**2.00**	**2.11**	**2.12**	**204,750**	**20**	**300,502**	**47%**	Expected reduction in interest cover is realised. Performance monitoring to identify other cost areas of the business in which savings could be made.
5	Management costs - are £250k higher per annum from year 2	**1.77**	**1.85**	**1.99**	**2.10**	**2.10**	**204,999**	**20**	**293,198**	**47%**	Performance monitoring to identify overspends and areas where efficiencies can be realised.

		Revenue Surplus less - capital investment - Interest Cover					Cash Flow				
#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.77**	**1.89**	**2.03**	**2.14**	**2.15**	**203,788**	**20**	**310,158**	**46%**	
6	Maintenance costs are 5% higher per annum from year 1	**1.68**	**1.80**	**1.94**	**2.05**	**2.06**	**205,252**	**20**	**286,455**	**47%**	Performance monitoring and service review to identify areas where savings can be achieved
7	Investment spend of £3m over yr 2-4 - for new standards and regulations	**1.77**	**1.67**	**1.82**	**1.93**	**2.11**	**207,456**	**20**	**300,779**	**47%**	Procurement savings and efficiencies to be sought. Review of investment programme to identify non-essential spend or works that could be deferred to a later date to accommodate additional costs within existing provisions.
8	New Build, full programme is delayed by 6 months for those not currently on site	**1.77**	**1.90**	**2.06**	**2.14**	**2.18**	**199,689**	**20**	**308,547**	**47%**	Delay delivers an improvement to interest cover as financing costs are reduced. Potential to ramp up programme delivery in later part of the plan to be sought, to offset the earlier delay.

		Revenue Surplus less - capital investment - Interest Cover					Cash Flow				
#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.77**	**1.89**	**2.03**	**2.14**	**2.15**	**203,788**	**20**	**310,158**	**46%**	
9	New Build - all developments in base case due to start from 2024/25 - are pulled from programme	**1.77**	**1.89**	**2.03**	**2.14**	**2.18**	**197,084**	**19**	**315,245**	**48%**	No real effect on interest cover. Only change in year 5 of 0.01 due to reduced financing costs. Peak debt reduces as borrowings reduce as funds no longer needed for developments. Cash at year 30 increases as cash is not being spent on developments
10	Rent increase reduced to 2% in years 2-4, bad debts increase by 1% and mainteance costs are 5% higher from year 1-5	**1.70**	**1.78**	**1.78**	**1.78**	**1.87**	**209,095**	**21**	**242,274**	**47%**	Interest cover reduces in all years as anticipated. Peak debt increases and cash in year 30 reduces. Performance monitoring and service review to identify where savings can be made

Dunedin Canmore

Report

To: **Dunedin Canmore Housing Board**

By: **Anthony Allison, Director of Governance**

Approved by: **Steven Henderson, Group Director of Finance**

Subject: **Strategic governance review**

Date of Meeting: **10 February 2022**

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1. Purpose

1.1 To update the Board on the outcome of the strategic governance review, the areas relevant to us and the implementation plan.

2. Authorising and strategic context

2.1 As we transitioned into the implementation phase of the 2021-26 Group strategy and reflected on the experience of the pandemic, the Group Board agreed that the strategic context was appropriate to initiate a strategic governance review. This Board was updated on the Terms of Reference of the review ("review ToR") at its meeting in May 2021.

2.2 Under the Group Standing Orders, the Group Board is responsible for the Group's overall governance arrangements. The RAAG Committee supports the Board in this role.

3. Risk appetite and assessment

3.1 Our agreed risk appetite for governance is "cautious". This level of risk tolerance is defined as a "preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward". This reflects our risk appetite in relation to laws and regulation, which is "averse", with the avoidance of risk and uncertainty is a key organisational objective and a priority for tight management controls and oversight.

3.2 Our strategic risk register contains the risk that, "*The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures*."

3.3 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.

3.4 The strategic governance review engaged independent expertise to review our governance arrangements and make recommendations for how they can be further refined to continue to mitigate this risk.

4. Background

4.1 Campbell Tickell, independent governance experts, were appointed to undertake the strategic governance review. The review was undertaken in line with the review ToR, focussing on 4 areas:

1. The Group structure;
2. The role and remit of Boards and Group Committees;
3. Board compositions; and
4. Board practice.

5. Customer engagement

5.1 As a corporate governance related matter, there has been no direct engagement with customers. The review does however reiterate that customer engagement informing decision making is a core facet of good governance.

6. Discussion

6.1. The Group Board received feedback on the headline findings from the review directly from James Tickell of Campbell Tickell at its strategy workshop in August. The findings, in line with the agreed methodology, were based on individual interviews with all Group Board members, a sample of Board members from each partner Board and a comprehensive desktop review of both our governance framework documents and Board papers.

6.2. A key message at the strategic workshop was that we have strong, robust governance foundations. The Group Board subsequently received and considered Campbell Tickell's report and recommendations at its meeting at the end of October. The overarching assessment of our governance arrangements were that:

"We found that Wheatley continues to operate sound governance arrangements supported by good documentation. It has a large but engaged governance community of Board and committee members who are all highly committed to Wheatley and its constituent parts, and understand their respective roles and responsibilities."

6.3. As part of its consideration, the Group Board also agreed an implementation plan for how it wished to take forward the recommendations. As part of this it was agreed that we should engage individual Boards across the Group on the implementation approach.

6.4. A more detailed update on the implementation approach agreed by the Group Board in relation to each relevant recommendation is set out in Appendix 1. Further detail on how these will apply in our own context is set out below.

<u>Group structure</u>

Legal structure

6.5. As part of the review, Campbell Tickell noted that we have been on a journey of consolidation across the wider Group. This has included the transition to a single commercial vehicle in Lowther Homes, a single care vehicle in Wheatley Care and the reduction of the number of RSLs through the Barony and Cube stock transfer and Transfer of Engagements.

6.6. As Campbell Tickell recognised, our consolidation has '*been successfully achieved within the Group over a period of time'.* In terms of the future group structure, Campbell Tickell recommended that:

'Wheatley should continue the journey of group consolidation on the current trajectory'

6.7. The Group Board partially accepted this recommendation. This was on the basis that any future consolidation would be based on whether it could deliver demonstrable and quantifiable benefits for customers. The Group Board also agreed that in terms of any future consolidation of our housing activity, this would be considered in the East first given we only recently completed the consolidation of Cube. The Group Board also reiterated that any consolidation would be subject to agreement by the relevant individual Boards.

6.8. A separate paper sets out proposals for consolidation in the East through us receiving a stock transfer from West Lothian Housing Partnership ("WLHP").

Roles and responsibilities in a group context

6.9. In any Group structure, the respective roles of the Parent and subsidiary Boards and how they interact require to be sharply defined. Campbell Tickell made a number of proposals for how we can further define roles, responsibilities and reporting arrangements. Campbell Tickell's recommendations are made within the context of legal and regulatory requirements regarding Parent 'control' and oversight.

6.10. We are updating the Group Standing Orders to more explicitly document the Group Board's role in scrutinising subsidiary performance. Although this already happens in practice, with performance and finance reports covering the whole Group regularly being considered by the Group Board, our documentation will more explicitly state this.

6.11. As part of this we will review the Group Standing Orders more widely to consider areas such as matters reserved to the Group Board and delegation levels. Once this is concluded, the revised Group Standing Orders will be brought back to this Board for feedback.

6.12. We accepted the recommendation to develop specific Terms of Reference ("ToR") for each Board. The ToR will seek to consolidate what is already documented in our existing governance framework as well as document the route and parameters for this Board, and the Boards of our sister organisations, escalating issues to the Group Board.

6.13. We recognise there is value in the process of developing new ToR as an opportunity for each Board to refresh their understanding of their specific roles and responsibilities. Draft ToR for this Board will be brought back to the next meeting for consideration.

Risk management

6.14. In terms of how risk is managed within the Group, Campbell Tickell recommended that we have a single risk appetite for the Group. Whilst we agreed with the overarching premise that the Group Board needs to have control over risk within the Group, we believe that a single approach does not fully reflect the diverse nature of the Group.

6.15. As a housing provider our regulatory environment, customer base and service model is notably different from, for example, care or commercial partners within the Group. We would expect our risk appetite to be different from, for example, commercial entities within the Group. It is therefore intended that our risk appetite being subject to Group Board approval will give the Group Board sufficient oversight of how we propose to approach risk.

6.16. A wider review of our approach to risk management is already underway. As part of this a standalone risk workshop will be held with the Board in the next few months.

<u>Role and remit of Boards</u>

6.17. As expected, the matters covered within this area were inherently linked to the Group structure element. Given the previous recommendation to introduce Board ToR, the recommendations in this area focussed on more specific areas of individual Board/Committee roles.

Risk management

6.18. Of particular relevance for us was the recommendation in relation to risk management. The report confirms we have an appropriate system in place for risk reporting, oversight and monitoring. The report proposed means by which we can further strengthen this, through a collection of individual measures rather than any fundamental change.

6.19. As previously indicated, a refresh of our risk management approach is underway and a Board workshop planned. It is intended that the specific changes recommended in the report are incorporated as part of this refresh, or sooner where practical.

Additional group wide scrutiny

6.20. Environmental and sustainability issues are prominent in our overall Group 2021-26 strategy. The Group Board also agreed that given that there was a strong case for enhanced group wide oversight within our governance arrangements. It was agreed that this will form part of the remit of the Wheatley Solutions Board.

6.21. This does however remain directly relevant for us on the basis that our own contribution to environmental and sustainability, for example through our investment programme and requirements in relation to EESSH 2. Equally, this Board will also be updated where appropriate on activity at Group level which will have implications for our business.

6.22. We also expect that a similar approach will be adopted in relation to having specific oversight of equality and diversity within our governance structures. This is subject to discussion by the Group Board in March and a further update on this will be provided in due course. We will also continue to have one of our own Board members also being a Board member of Wheatley solutions.

Board composition

6.23. The recommendations in this area primarily related to the Group Board specifically, with an overarching theme of moving towards smaller Boards. Taking this into account, the Group Board agreed that we should work towards all Boards having a maximum size of 10.

6.24. We currently have a Board of 10 and meet this requirement.

6.25. The recommendations also covered three further areas: Board diversity; skills and experience, including skills mapping; and succession planning. In response to this it was agreed that the following approach should be consistently applied by all Boards across the Group:

- Each Board and Committee agrees its own skills and experience matrix;
- Each Board member self-assesses against the skills and experience matrix;
- The skills and experience of each member are mapped with Board requirements; and
- The matrix is reviewed by each Board/RAAG Committee annually in conjunction with its 3 year succession plan.

6.26. In terms of the skills matrix, we recently agreed a refreshed skills matrix. Board members were asked to complete a self-assessment against our skills matrix and provide feedback on the matrix itself. The consolidated Board member self-assessment is attached at Appendix 2. Overall, Board members supported the matrix and agreed that it captured the skills and experiences that the Board requires as a collective.

6.27. As part of the exercise, Board members rated themselves against each skill as either working knowledge, proficient or expert/in-depth. After consolidating the completed skills self-assessments, it was found that we have no material gaps and have an appropriate balance and composition of skills and experiences on the Board.

6.28. The proposals in relation to Board size may potentially be impacted by the proposals in relation to WLHP. Were this to proceed, we would seek to draw up to 3 of the existing Board members of WLHP onto this Board to support continuity.

6.29. It is proposed that the Chair will meet with each individual Board member to discuss our 3-year succession plan and each member's own currently assumed retirement date. In parallel, subject to Board agreements, we will also progress discussions with Board members of WLHP and bring back a revised 3 year succession plan to the Board in May which will confirm which members would join from WLHP.

Board practice

6.30. It was recommended that we establish new arrangements for holding Board and Committee meetings virtually and that a hybrid model be considered for meetings in future.

6.31. We have now undertaken testing of 'mixed' meetings where attendees are both in-person and by video conference, including at our last Board meeting.

6.32. The testing has been successful. It is proposed that our approach in future should be as following:

- For attendance at scheduled meetings, the default should be attendance in person;
- Virtual attendance at scheduled meetings should be with the prior agreement of the Chair;
- For additional meetings outwith the normal schedule or rescheduled meetings attendance would preferably be in person, but virtual would be an option without any need for prior agreement with the Chair;
- Additional meetings will offer the option to attend virtually by default and where there is a limited agenda or purely transactional business be held virtually; and
- Board workshops may only be attended in person other than exceptional circumstances agreed in advance with the Chair (eg full workshop is virtual).

6.33. In addition to the above, it is intended that we make greater use of virtual attendance for staff members at Board meetings. For example, where a staff member is attending a meeting to cover a single item, which is relatively routine in nature they may attend virtually with prior agreement of the Chair and Lead Executive.

6.34. As part of the ongoing refurbishment of New Mart Road video conference facilities will be installed and available for use during Board meetings.

6.35. We also want to re-establish the Board having an understanding of and directly influence plans for the year ahead in terms of Board activity. On this basis, the proposed Board planner for the rest of the calendar year is set out at Appendix 3 for Board feedback.

6.36. As would be expected, the early stages of the planner are more detailed than the latter stages. A refreshed Board planner will be brought back to the May meeting, by which time latter year activity will be more defined.

Summary

6.37. The strategic governance review recognised the strength of our existing governance arrangements and provided recommendations for how we can continue to refine them. The Group RAAG Committee has been delegated responsibility to oversee the implementation at Group level.

6.38. A key element of our implementation approach is engaging with Boards across the group as we progress with implementation to ensure that they are informing and influencing our approach. This also ensures that all Boards clearly understand our governance arrangements and each Board is clear on its own role and responsibilities.

7. Digital transformation alignment

7.1 The proposals retain an oversight and scrutiny role for Wheatley Solutions in relation to our digital transformation plan.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The report independently confirms that we have strong governance arrangements and provides evidence to support our compliance with relevant legal and regulatory requirements.

9.2 Detailed legal advice will be sought as required throughout the implementation process.

10. Equalities implications

10.1 There are no equalities implications arising from this report.

11. Environmental and sustainability implications

11.1 As set in the report, given the significance of this area it is intended this is reflected in our governance arrangements in future. This includes dedicated focus via the Wheatley Solutions Board.

12. Recommendations

12.1 The Board is asked to:

1) Provide feedback on the planned implementation approach of the strategic governance review;
2) Agree the proposed approach to refreshing our 3 year succession plan; and
3) Provide feedback on the 2022 Board planner.

List of Appendices

Appendix 1: Strategic governance review implementation plan
Appendix 2: Skills mapping analysis [initials redacted]
Appendix 3: Draft 2022 Board planner

Wheatley Group

Strategic governance review – implementation

Recommendation/Area for refinement	Proposed approach	Indicative timescale	Updates
Group Structure			
Continue current consolidation approach	Partially accept recommendation The first step will be a detailed assessment of whether combining business plans of group RSLs in the east of Scotland would create a stronger base for investment, new build and keeping rents affordable.	Update to Feb 22 Board	Agree by Group Board subject to agreement with DCH Board. Board workshop held and update on agenda.
Arrangements for control and oversight of the group's subsidiaries should continue to evolve and develop as the group structure changes as follows:			
1. Clarify in documentation how the Group Board maintains overview and scrutiny of the subsidiaries, including the routes and parameters for escalation of issues and risks arising in subsidiaries	1) Accept recommendation Additional wording to be added to Group Standing Orders to further codify scrutiny role and define routes and parameters for escalation. It should be noted there are already existing mechanisms in place in key areas, for example through the Scheme of Financial Delegation and risk scoring thresholds. It is intended escalation becomes a defined responsibility of individual Board Chair, in discussion with the Group CEO – formalising what happens in practice.	December 2021	Proposed wording agreed by RAAG on 15 December 2021
2. Prepare terms of reference for subsidiary boards so that there is a clear and definitive description of the role and responsibilities of each board	2) Accept recommendation Whilst this already largely exists via the Group Authorising Framework and Group Authorise Management Monitor Matrix this process will also act as a mechanism to ensure that roles and responsibilities of each Board (rather than individual Board members), including relative to the wider Group, are well defined and understood by each Board. Terms of Reference will be prepared and considered by each individual Board and thereafter be subject to Board approval. It is proposed that as part of this process Wheatley Solutions is formally designated the responsibility for oversight of the Group's environmental and sustainability activity as well as clearly defined responsibility for emerging areas such as Equality and Diversity and retrofitting.	April 2022	Draft terms of reference to be presented to next Board
3. Institute regular reporting of some form by subsidiary chairs to the Group Board (accepting interim arrangements may be required pending reduction in the size of the Group Board)	3) Partially accept recommendation Given the current number of subsidiary Chairs, there is, as recognised, a practicality issue attached to this recommendation. Also, the core purpose of having Subsidiary Chairs as Board members is to ensure this happens in practice through Board discussions. It is proposed therefore that as interim arrangement we formally document in the Group Standing Orders a requirement for Subsidiary Chairs to feedback any material issues to the Group Board during Board discussions.	December 2021	To be covered at Group Board under AOCB in short term until the process set out in the Terms of Reference is agreed.
4. Set a single risk appetite for the group, with tolerances within which the subsidiaries are required to operate	4) Partially accept recommendation We have different risk appetite levels which reflect the different maturity levels and types of activity across the Group. It is proposed the underlying requirement	June 2022	Plan for review to be reviewed by Group Audit Committee in Feb 2022 with update to Group Board Feb 2022

	for the Group Board to have control over risk oversight is met by all risk appetite statements and any changes requiring Group Board approval. All risk statements are due to be reviewed in spring 2022.		Revised risk appetite statements reviewed and approved by Group Board – June 22
There would be merit in reviewing Matters Reserved and delegations to ascertain if further streamlining could take place. (4.28)	Accept suggestion A full review of matters reserved and delegations will take place as part of the implementation process. This will include a review of the Group Standing Orders and the template Intra-Group Agreement.	April 2022	Phase one included in report to RAAG covering matters reserved to the Group Board. More detailed review to be presented to RAAG Feb 2022 for initial review and onward recommendation to Group Board April 2022
Role and remit of Boards and Committees			
Responsibilities within the governance structure in relation to risk management should be clarified and amplified as follows: 1. The roles of the Board and GAC in relation to risk management should be made clearer and explained in more detail in documentation 2. Deep dives into potential risk areas should be included in the remit of GAC	1) Partially accept recommendation – Following the risk management workshops planned for spring 2022 our documentation will be updated 2) Partially accept – linked to 1), this shall be reviewed following the risk management workshops as part of a wider refinement of our approach and associated roles and responsibilities. There are a number of areas where we already do this in practice just not characterised as 'deep dives. Examples over the last year have included cyber security, fire safety being added to the Audit committee as a standing item, furlough, PPE and business plan assumptions.	Both June 2022	Initial wording in relation to key responsibilities and matters reserved to Board and Group Audit Committee Terms of Reference. The Group Audit Committee ToR include additional wording re the role of the Committee undertaking more detailed risk monitoring at the request of the Group Board. These may be further refined following the risk workshops in spring 2022.
Reporting about and oversight of risk within the governance structure should be strengthened as follows: 1. Reporting to Group Board should generally focus on the top 10-12 strategic risks 2. Risks should usually be presented in ranked order of residual score (highest scoring first) – we understand this is already planned 3. A Board Assurance Framework or other form of reporting should be developed to provide the Board periodically with greater depth of information about the sources and strength of assurance available in relation to key risks 4. Consideration should be given to depicting controls against the three lines of defence in order to make it easier for the Board to recognise gaps	1) and 2) Accept recommendation Strategic risk register structure to be updated to be ranked in order, which will ensure the top10-12 are also more prominent 3)Partially accept recommendation It is proposed that we embed this within the risk register reporting format. Core sources of assurance will also include detailing where risks are considered by Boards/Committees across the Group. Revised risk register format to be reviewed by Group Audit Committee in Feb 2022. 4)Accept recommendation (to consider) To be considered as part of the review of the risk register reporting format and proposals. Revised risk register format to be reviewed by Group Audit committee in Feb 2022.	From 2022 reporting cycle February 2022 February 2022	Refreshed reporting approach to be presented to Group Audit Committee at February 22 meeting. Updates to be presented within risk report to Group Board in Feb 22. This will then be discussed with partner Board through risk workshops.

5. Work to align risk appetite with risk scoring should be completed and used to make it clear in reporting whether risks are being managed within the appetite set by the Board – as already planned 6. As a minimum, GAC should have included in its papers any full internal audit reports giving less than substantial assurance 7. The frequency of reporting on risk to subsidiary boards should be increased to quarterly	5) Accept recommendation As recognised, this is already planned and will be completed as part of the risk workshops. 6) Partially accept recommendation All Internal Audit reports are already available on request. It is proposed that the Chair of the Group Audit Committee is responsible for agreeing, in consultation with the Chief Internal Auditor, where the findings of the report are such the full reports should be issued in advance rather than on request. As both roles are independent of management, this further strengthens the impartiality of the decision. 7) Accept recommendation To be implemented from 2022.	Spring 2022 From 2022 reporting cycle From 2022 reporting cycle	See earlier timeline on review. To be agreed by Committee Chair on ongoing basis as part of meeting pre-meets. Implemented
Group Audit Committee - The terms of reference do not include reference to oversight of internal controls and we would recommend that the risk section should have more definition. (5.23-24)	Accept recommendation In practice, internal controls are inherent in the approval of the Internal Audit Plan and monitoring Internal Audit reviews. Similarly, the committee undertakes what are effectively deep dives (this is English regulatory terminology for a detailed review) in areas such as fire safety and cyber security. However, the Committee Terms of Reference will be reviewed by Committee, including: ▪ to make specific reference to internal controls ▪ review the risk wording, including what, if any role, the Committee should have undertaking 'deep dives' ▪ recommendations made to the Board.	February 2022	Draft approved by RAAG 15 December 2021 for initial review. Group Audit Committee to consider and agree in Feb 22 for onward recommendation to the Group Board for formal agreement and adoption in Feb 2022
Board composition			
Development of the approach to Board and Committee skills mapping to ensure sufficient expertise and inform succession planning should continue.	Accept recommendation This is already underway at partner Board level. It is intended a full skills mapping of the Board and Committees be undertaken to inform the Board workshop proposed above to inform the discussions.	March 2022	Proposed approach agreed by RAAG and to be implemented via individual Boards
Board practice			
Boards and committees should be supported to participate together in effective discussion and decision-making as follows: 1. New arrangements for holding virtual meetings should be agreed and adopted as a matter of relative urgency, which allow the whole of any Board or committee to participate in discussion and decision-making together – such that these are available if needed 2. A hybrid model should be considered going forwards which combines virtual meetings for more	1) And 2) Accept recommendation Proposals to be developed for consideration by the Board on where virtual meetings would be appropriate. We are also in the early stages of testing the technology under a hybrid approach of in person and virtual attendees. It is intended this be tested in greater detail before considering it as an option for Board meetings. It is proposed however that the default for scheduled Board	Feb 2022	Proposals for virtual meetings agreed and to be implemented via individual Boards

transactional-type meetings with face to face meetings giving the opportunity for more open-format strategic discussion	meetings remains in person. The urgency of Recommendation 1 has now been superseded by resumption of full Boards.		
3. Efforts should be made to ensure Board and committee papers are concise, with executive summaries incorporated into the template and recommendations moved up-front in reporting	3) Partially accept recommendation It is proposed the Board template be further reviewed. This will cover both content and structure. This will include consideration to an Executive Summary, however it is not proposed we commit to this in advance of the review.	February 2022	Revised template included in RAAG report for consideration and onward agreement by the Board in February 2022.

Includes: [redacted]

Dunedin Canmore

DCH BOARD: SKILLS MATRIX

Expert or in depth	The Board member has specialist, up-to-date knowledge and experience in this area. S/he is likely to be working, or to have worked, in this field as a profession and is likely to have a relevant qualification where applicable. Other Board members tend to draw on his/her in-depth knowledge and expertise on the subject.
Proficient	This is an area in which the Board member has confidence. S/he would understand the detail of a Board paper and could contribute significantly to Board discussion and decision-making on the subject, including providing relevant, constructive challenge to the executive team.
Working knowledge	The Board member understands the basics of the subject. Although s/he may not feel able to contribute significantly to discussion or to challenge the executive on the subject, s/he would understand sufficiently to be able to evaluate options and appreciate the implications of a Board decision.

PART 1: SKILLS AND EXPERIENCE

ATTRIBUTE	RSLS	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Knowledge of the areas, clients, tenants and communities served	Three or more members with in depth local knowledge of local communities and tenant needs	3	5	2
Community engagement – scrutiny and service delivery	A majority of Board members expected to have, or to develop, reasonable proficiency	3	3	3
Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other	A majority of Board members expected to have, or to develop, reasonable proficiency	1	1	8
Equal opportunities and diversity; the specific needs of ethnic communities in the areas served	All Board members expected to have, or to develop reasonable proficiency	3	4	1

Includes: [redacted]

ATTRIBUTE	RSLS	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
General commercial business, financial & management skills	At least one expert member, two more proficient	1		7
Accountancy and audit, knowledge of relevant statutory requirements	Ideally one expert member, proficient acceptable	1	4	3
Audit, compliance, and the work of Audit Committees	At least one proficient member	2	4	2
Financial and treasury management, funding structures	At least one proficient member	2	2	3
Risk identification, management and mitigation	At least one proficient member	1	5	2
Performance management, value for money and continuous improvement	Ideally one expert member, proficient acceptable	1	5	2
Governance and working as one of a Board team to make good and timely decisions	All Board members expected to have, or to develop reasonable proficiency		1	9
Experience of working as non-executive Director of a private company or plc	Ideally one expert member, proficient acceptable	4	1	2
Project appraisal, management and financial modelling	Ideally one expert member, proficient acceptable		5	3
Organisational strategy and policy development	Ideally one expert member, proficient acceptable	1	5	2
Information technology and business systems	Ideally one expert member, proficient acceptable	5	2	1
Being involved in the restructuring or transformation of an organisation	Ideally one expert member, proficient acceptable		4	2

Includes: [redacted]

Dunedin Canmore

ATTRIBUTE	RSLS	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Organisational change and development	Ideally one expert member, proficient acceptable	1	6	
Communications, marketing & public affairs	One or more proficient	6	2	1
Health and safety, and other areas of critical compliance	All Board members expected to have, or to develop reasonable proficiency	5	4	1
Housing management and maintenance of social housing	One expert member. All Board members expected to have, or to develop reasonable proficiency	2	3	3
Strategic asset management	One or more proficient members, one of more with working knowledge	2	4	1
Social and housing policy in Scotland and the wider UK	Ideally one expert member, proficient acceptable	3	3	2
Senior Management, leadership and strategy in a housing context	Ideally one expert member, proficient acceptable	4	1	2
Regulation for social housing (or a similar regulated area)	All Board members expected to have, or to develop reasonable proficiency	4	2	1
Provision of customer services (in a housing or other similar context)	At least one expert member, one or more proficient	4	1	2
Involvement in planning/delivery of a Value for Money strategy, in a housing or similar organisation	At least one expert member, one or more proficient	3	2	2
Funding, planning and development for housing and regeneration	Ideally one expert member, proficient acceptable	1	2	3

Includes: [redacted]

ATTRIBUTE	RSLS	WORKING KNOWLEDGE	PROFICIENT	EXPERT OR IN DEPTH
Property, asset management, development, regeneration, surveying etc.	One or more proficient	3	1	2
Environmental sustainability, in terms of reducing energy use, pollution or carbon impact from development or other property matters	At least one proficient member, one or more with working knowledge	3	2	1
Working with local authorities, or other government and statutory bodies	At least one expert member, one or more proficient	2	1	6

Includes: [redacted]

PART B: ATTRIBUTES EXPECTED FROM ALL BOARD AND COMMITTEE MEMBERS

WORKING AS PART OF THE BOARD TEAM
Demonstrates understanding of the role, duties and responsibilities of the Board and the Board member.
Fulfils agreed commitments, including attending meetings and other events as required.
Prepares thoroughly for meetings; obtains clarification in advance on points of detail.
Listens to and considers the views of others.
Welcomes challenge to own views.
Knows when to contribute a thought and when to keep quiet.
Speaks clearly and to the point; articulates complex ideas simply.
Stands by and upholds the Board's decisions.
PROVIDING EFFECTIVE OVERSIGHT
Oversees operations at the right level – does not try to do the job of managers.
Critically evaluates information and constructively challenges when necessary.
Is able to probe and challenge the executive team without creative conflict.
Demonstrates understanding of how things can go wrong.
Avoids any 'positivity bias' and, when necessary, highlights problems and acknowledges mistakes.
Demonstrates understanding of how the Board drives improvement in organisational performance without becoming involved in operational detail.
PROVIDING INSIGHT AND STRATEGIC THINKING
Brings wisdom and insight to critical issues facing the organisation before and while policies, strategies and plans are developed.

Includes: [redacted]

Dunedin Canmore

Contributes to the identification of risks, challenges and opportunities for the organisation.
Provides creative input to problem solving and strategic planning.
Demonstrates understanding of the needs and concerns of tenants and other service users.
CONTRIBUTING TO HIGH-QUALITY DECISION MAKING
Asks for more information and analysis when needed…
…but does not ask for more information or analysis than is needed to enable the Board to make good decisions.
Asks for help to understand things when necessary so as to be able to contribute to discussion and decision making in all areas.
Analyses the implications and consequences of different options.
Evaluates facts and evidence logically in making decisions.
Remains focused on the achievement of the organisation’s mission, vision and strategy.
INDEPENDENCE AND SELF AWARENESS
Expresses own views – including expressing disagreement when necessary.
Does not avoid tackling difficult or sensitive issues or situations.
Remains measured and controlled at all times, even in stressful situations.
Keeps up to date with the social, regulatory and policy context in which the association operates.
Keeps own knowledge and skills up to date.
Uses opportunities to learn and develop as a Board member and welcomes constructive feedback on own performance.
PROVIDING LEADERSHIP

Includes: [redacted]

Dunedin Canmore

Demonstrates ethical leadership, displaying – and promoting throughout the organisation – behaviours consistent with the culture and values the Board has defined for the association.
Complies with the spirit as well as the letter of the Board Member Code of Conduct.
Demonstrates commitment to, and enthusiasm for, the work of the organisation.
Proactively engages in activities which promote the work of the organisation to the outside world.

Dunedin Canmore Board Agenda Planner 2022

Meeting date	Items
24 March	▪ Wheatley Care update ▪ 22/23 Budget ▪ Repairs update ▪ Compliance update ▪ Finance Report ▪ Assurance Update ▪ Internal Audit Plan 22/23 ▪ Governance Update
26 May (Board meeting and strategy workshop)	▪ Strategy workshop ▪ CFC update ▪ Business continuity policy and framework review ▪ Allocations policy update ▪ 21/22 ARC return and year end performance ▪ Strategic projects 22/23 ▪ Fire Prevention and Mitigation ▪ Finance report ▪ Risk register
18 August	▪ Governance Update ▪ 21/22 Financial Statements ▪ Annual Internal Audit Report and opinion ▪ Finance Report ▪ Performance and Delivery Plan Q1 ▪ Risk register
22 September (post AGM)	▪ Finance Report
10 November	▪ 2023 rent setting ▪ Development programme ▪ Governance update ▪ Performance and Delivery Plan Q2 ▪ Finance report ▪ Assurance update ▪ Risk register

Report

To:	**Dunedin Canmore Housing Board**
By:	**Stephen Devine, Director of Assets and Sustainability**
Approved by:	**Tom Barclay, Group Director of Property and Development**
Subject:	**Group Health and Safety policy**
Date of Meeting:	**10 February 2022**

1. Purpose

1.1 To inform the Board of the revised Group Health and Safety Policy.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework and Intra-Group Agreement the Wheatley Housing Group Board is responsible for approving Group Policies and their designation as applicable to all Group partners. The Group Health and Safety Policy was approved previously and designated as a Group Policy.

2.2 At its meeting on the 15 December 2021, the Wheatley Housing Group Board approved the revised Group Health and Safety Policy to be shared with group partners for implementation with immediate effect.

3. Risk appetite and assessment

3.1 The Group's risk appetite relating to laws and regulations is "Averse" i.e. avoidance of risk and uncertainty is a key organisational objective. The risk tolerance of all subsidiaries relating to technical compliance (e.g. Health and safety, gas) is also "Averse".

3.2 Health and safety compliance risks as associated mitigations are included in the group strategic risk register and in the subsidiary risk registers.

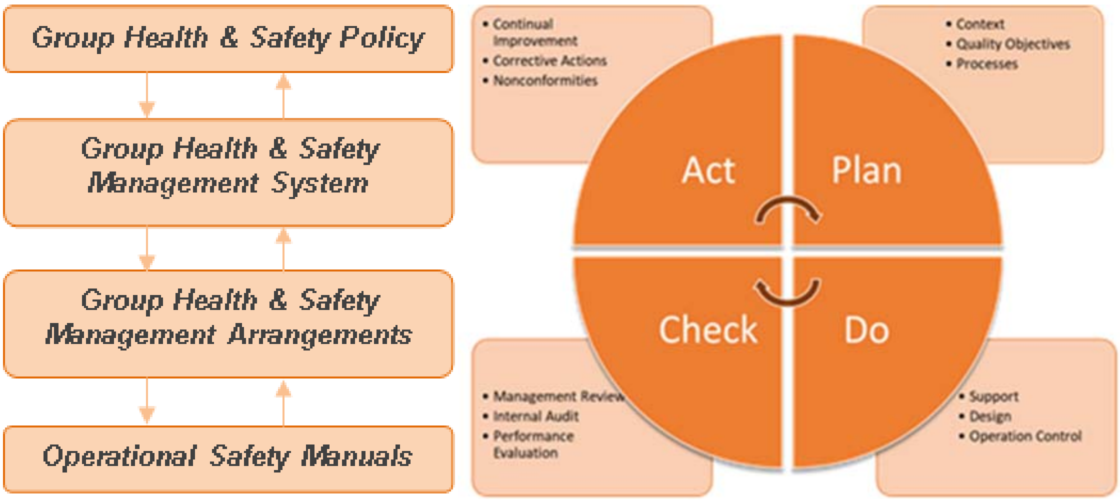
4. Background

4.1 Health and safety legislation requires that any employer with five or more employees must have a written health and safety policy containing i) Statement of Intent, ii) Organisational Structure including Roles and Responsibilities, and; iii) Details of the Arrangements for managing health and safety.

4.2 The revised Group Health and Safety Policy which was approved by the Wheatley Housing Group Board meets these requirements and is embedded across the business.

4.3 We have arrangements in place to monitor and maintain the validity and accuracy of the Health and Safety Policy. This includes considering the implications for the policy of any organisational changes that are taking place, service evolution and any new and emerging legislation or best practice guidance.

4.4 Our Group Health and Safety Policy is part of our overall health and safety architecture as shown below, along with our Group Health and Safety Management System, Group Health and Safety Management Arrangements and Operational Safety Manuals. Each of these is discussed below.



5. Customer engagement

5.1 The updated Group Health and Safety Policy presented here has been subject to consultation with recognised Trade Unions in line with our statutory obligations. There were no adverse comments received from those consulted in the review of the Group Health and Safety Policy.

5.2 More generally, discussions have taken place with colleagues and Trade Unions on arrangements associated with homeworking, lone working and the review of operational safety manuals discussed later in this report. In addition, quarterly H&S Committee meetings take place involving senior staff from across the Group and Trade Union officials. These meetings provide a route for discussing health and safety related matters, and escalation and resolution of issues should this be required.

6. Discussion

<u>Group Health & Safety Policy</u>

6.1 Our revised Group Health and Safety Policy at Appendix 1 has been updated, in the main, to reflect home working and lone working arrangements as we transition to our new operating model.

6.2 As part of our new operating model, arrangements for home based agile workers have been established. This includes the rolling out homeworking self-assessments, information leaflets, and e-learning across the business as necessary, to ensure staff work as safely and comfortably from home, so far as is reasonably practicable.

6.3 In addition, a catalogue of items to make homeworking ergonomically safe and comfortable has been developed and is available to promote wellbeing.

6.4 Our operating model includes lone working that includes staff in our in-house trades, teams, environmental teams, housing and support services. Furthermore, as more staff are working from home at times and in our communities, this means there is also an increase in lone working.

6.5 To address this, a Group health and safety management arrangement for lone working has been established and communicated across Dunedin Canmore. This includes the provision of advice and guidance for managers and staff on keeping safe when working alone.

6.6 New lone working technology has also been introduced and distributed, in the form of a lone working app on mobile telephones and standalone, lone working devices (pebbles). These allow staff members to speak with an alarm receiving centre, set notifications for wellbeing checks and recognises when staff may have fallen or are motionless. These devices also have an emergency distress call for use in the unlikely event that staff find themselves in threatening situations or feeling unwell.

6.7 E-Learning training on the use of lone working devices and personal safety have been established and implemented for all staff designated lone workers.

Health & Safety Management System & Arrangements

6.8 Our Group Health and Safety Management System has also been updated to reflect the updated health and safety policy and specific arrangements that have been put in place to manage, maintain and promote a positive health and safety culture throughout the Group. This is based on the Health and Safety Executive's best practice model – Plan, Do, Check, Act; that is often associated with continuous improvement.

6.9 We are also progressing the harmonisation of existing health and safety procedures across all group subsidiaries, in the form of Health and Safety Management Arrangements ("HSMAs"), to ensure a consistent approach, across all business areas. Whilst we have well established policies in place, the development of Group HSMAs allows us to share best practice and maintain consistency in our approach to health and safety management.

6.10 To support this, management working groups have been established to drive the continuous improvement across the business in key areas. These groups help drive our health and safety culture forward and include a specific Fire Working Group and Lone Working Group.

6.11 Additionally, a new working group will be established in January 2022 to share best practice amongst our In House Repairs Team in Edinburgh and Dumfries and Galloway. The remit of this group will include reviewing existing work procedures, tool box talks and the use of hand tools, power tools and machinery.

Operational Safety Manuals

6.12 The final part of our health and safety architecture, are our Operational Safety Manuals ("OSMs"). These are mandatory, 'living documents' across all subsidiaries to include Dunedin Canmore and document safe systems of work, local procedures, guidance and best practice, specific to the nature of business. As such they have been recently updated to include guidelines for working safely in the current environment including guidelines for testing and self-isolation following the widespread introduction of a vaccine. OSMs are kept under review to ensure we maintain safe systems of work for all business areas and that any new and emerging risks such as those associated with the on-going pandemic are recognised and managed.

Safe Contractor Accreditation

6.13 The Group have retained our Safe Contractor Accreditation. This accreditation is a recognised mark of health and safety competence under the Safety Schemes in Procurement.

7. Digital transformation alignment

7.1 Technology is used where appropriate to support safe working arrangements. An illustration of this is the introduction of the lone working app and Pebble device discussed above.

7.2 E-Learning training is also being developed beyond our H&S Awareness and Fire Awareness courses, to reflect our new operating model.

7.3 Over the last 12 months we have introduced many new courses to support staff such as, Homeworker, Personal Safety and Introduction to First Aid that also demonstrates our commitment to our legal obligations for the provision of Information, Instruction and Training under the Health and Safety at Work Act.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The health and safety policy and management arrangements discussed here are part of how we satisfy legal requirements in this area. We also take account of HSE guidance in developing all health and safety related documents.

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9.2 The ongoing maintenance and implementation of aspects of our health and safety architecture will support the overall approach to maintaining and ensuring compliance with health and safety legislation.

10. Equalities implications

10.1 There are no equalities implications associated with this report.

11. Environmental and sustainability implications

11.1 Our revised health and safety policy is a necessary and key part of ensuring the success of our new operating model. This operating model, which includes agile home working as highlighted above, will have positive environmental and sustainability implications including through:

- reducing unnecessary travel to an office location;
- encouraging staff to meet, when necessary, in our new hub locations that include measures to reduce our carbon footprint such as solar PV; and
- increasingly looking to encourage the use of electric vehicles and power tools, and active travel, where appropriate, to the work being carried out.

11.2 Examples of the positive sustainability impacts we anticipate through this new operating model include a reduction, based on Plant Mark analysis, of 160 tonnes (41%) of CO2 a year because of changes to New Mart Road and a reduction, based on analysis by the UK Energy Research Centre, on average of 50kg (70%) of CO_2 a day, per staff member working at home.

12. Recommendation

12.1 The Board is asked to note the updated Health and Safety Policy at Appendix 1.

List of Appendices

Appendix 1 – Group Health & Safety Policy

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Making homes and live better
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Group Health and Safety Policy

December 2021

Wheatley Group's Health and Safety Statement

It is the policy of all Wheatley Group subsidiaries to safeguard, as far as reasonably practicable, the health, safety and welfare of its staff and all persons likely to be directly affected by the activities of the Group.

The Wheatley Group subsidiaries acknowledge that successful health and safety management contributes to overall performance, and they are therefore committed to the following:

- All Group subsidiaries achieving compliance with legal and other relevant requirements through good health, safety and welfare management practices.
- Providing adequate staff and funding resources to implement this Group Health and Safety Policy
- Establishing and maintaining a safe and healthy working environment
- Striving to prevent avoidable injury or ill-health
- Striving for continual improvement in relation to Health & Safety performance
- Ensuring that significant risks arising from work activities under our control are eliminated or adequately controlled;
- Developing and implementing appropriate occupational health and safety management system procedures, and safe working practices;
- Incorporating the management of health and safety as a specific management responsibility;
- Ensuring this policy is understood and implemented across the group;
- Engaging employees, employer and trade unions in health and safety decisions through consultation and co-operation;
- Maintaining workplaces under our control and in conjunction with other landlords where there is shared occupancy, in a safe condition without risk to health or physical and mental wellbeing;
- Reviewing on a regular basis compliance with the Group Health and Safety Policy and the management systems that underpin this policy;
- Providing sufficient information, instruction, and assistance in implementation of control measures and supervision; to enable all staff to recognise hazards, use control measures and safe working practices to avoid incident, injury and ill health.
- Ensuring that staff receive appropriate training, supervision (where task deems necessary) and personal protective equipment (PPE) and are competent to carry out their designated responsibilities;
- Ensuring that there is oversight of and involvement where appropriate with designers and contractors appointed to undertake construction work on behalf of Group subsidiaries

The Group Health and Safety Team will develop supporting Health and Safety Management Arrangements and Operational Safety Manuals which form the basis for the on-going development of the Health and Safety Management System. The details within the management arrangements and the Operational Safety Manuals detail the processes and procedures to achieve legislative compliance. These responsibilities are shared and delegated amongst Directors and Managers across the Group.

The Operational Safety Manuals will be made available to all subsidiaries.

The Director of Assets and Sustainability will have responsibility for administering and positively maintain the implementation of The Wheatley Group Health and Safety Policy supported by The Wheatley Group Health and Safety Lead

Signed　　　　Date: December 2021

Martin Armstrong (Chief Executive)

Contents

Section 1
Introduction

1.1 The Wheatley Group ('The Group') is Scotland's leading housing, care and property-management group. It comprises six Registered Social Landlords, a care organisation and a commercial subsidiary. The Group provides homes and services to over 210,000 people in 19 local authority areas across Scotland

1.1 .1 Our Group subsidiaries are:

- Glasgow Housing Association
- Dumfries and Galloway Housing Partnership
- Dunedin Canmore Housing
- Loretto Housing Association
- Lowther Homes
- West Lothian Housing Partnership
- Wheatley Care
- Wheatley Solutions

1.1.2 City Building Glasgow is a shared 50/50 split Joint Venture with Glasgow City Council and Wheatley Group. City Building Glasgow have their own Governance arrangements in place and manage their own health and safety processes required to ensure their statutory obligations are being met.

1.1.3 This Group Health and Safety Policy applies to and binds all staff of the Group and its subsidiaries in meeting the requirements of the Health and Safety at Work Act and supporting legislation. Adherence to The Wheatley Group Health and Safety Policy is both an individual and a corporate responsibility; disciplinary action may be initiated against staff that knowingly fail to adhere to safety procedures or standards or fail to use PPE as identified in risk assessment.

1.1.4 The purpose of The Wheatley Group Health and Safety Policy is to set out the general operating principles covering all the activities undertaken within the Group. It sets out the Group's responsibilities to comply with health and safety legislation and the general arrangements to support compliance.

1.1.5 Should you require any assistance or guidance with any health and safety matter please contact #WheatleyhealthandSafety@wheatley-group.com.

Section 2
Principles, Aims and Objectives

2.1 It is the duty of all Group subsidiaries to safeguard, as far as reasonably practicable, the health, safety and welfare of its staff and all persons likely to be directly affected by the activities of the organisation.

2.1.1 All Group subsidiaries acknowledge that successful health and safety management contributes to overall performance, and are committed to the following:

- Achievement and maintenance of compliance with legal and other relevant requirements through good occupational health and safety performance
- Provision of adequate staff and funding resources to implement this policy
- Establishment and maintenance of a safe and healthy working environment
- Striving to prevent avoidable injury or ill-health and continual improvement in relation to Health and Safety performance by investigating accidents to identify the root causes and trends and to ensure lessons learned are shared to avoid reoccurrence
- Ensuring that significant risks arising from work activities under our control are eliminated or adequately controlled
- Developing and implementing appropriate occupational health and safety procedures and safe working practices
- Incorporating the management of health and safety as a specific management responsibility
- Ensuring this policy is understood and implemented across the Group
- Engaging staff, employer and trade unions in health and safety decisions through consultation and cooperation
- Maintaining workplaces under our control in a safe condition without risk to health or physical and mental wellbeing
- Reviewing compliance with The Wheatley Group Health and Safety Policy and the management systems that underpin this policy on a regular basis
- Providing sufficient information, instruction, training, assisting in implementation of control measures, personal protective equipment (PPE) and supervision to ensure staff are appropriately equipped and competent to carry out their designated duties, avoid hazards and to engage with their health and safety at work
- Having oversight of the Contractors and Safety Consultants (e.g. Principal Designers) we appoint to our construction, investment and repairs projects.

Section 3
Legal and Regulatory Requirements

3.1 The Health and Safety at Work Act 1974 requires the Group subsidiaries to ensure, so far as is reasonably practicable, the health, safety and welfare of all staff while at work. Group subsidiaries also have a responsibility to ensure that others not employed but who may be affected by the subsidiaries' work-related activities are not exposed to risks to their health and safety.

3.1.1 Under the Management of Health and Safety at Work Regulations, there is a responsibility to manage health and safety effectively.

3.1.2 As a minimum, the following processes and procedures will be put in place to meet the required legal requirements: The Group will adopt the intentions of HS(G)65 and arrangements will be developed and reviewed in line with 'Plan, Do, Check, Act' ethos, which will apply to all preventative and protective measures, including:

- A written Health and Safety policy (this document);
- Arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures that come from risk assessments;
- Assessments of the risks to staff, contractors, customers, partners, and any other people who could be affected by our activities taking account of the general principles of prevention i.e., avoidance, prevention, reducing, protection against risks occurring.;
- Records of all significant findings in writing
- Arrangements for appointing one or more competent persons to ensure compliance with the relevant statutory provisions, and ensuring access to competent health and safety advice;
- Provision of information to staff about the risks in their workplace and the preventive and protective measures;
- Instruction and training for staff in how to deal with the risks;
- Ensuring there is adequate and appropriate supervision in place;
- Consulting with staff, representatives and Trade Union representatives about their risks at work and current preventive and protective measures;
- Carrying out due diligence and ongoing oversight of the contractors and Principal Designers we appoint to ensure they have the skills, knowledge, experience and organisational capability to comply with health and safety legislation and provide the expected outcomes of the project;

- Documenting risk assessments, health and safety incidents, F10 forms and construct health and safety files at a central location for each Group subsidiary;

- Ensuring that the Health and Safety Executive are provided with the notifications in accordance with current legislation.

3.1.3 Group subsidiaries are committed to managing any risks as far as reasonably practicable posed to our staff, customers, contractors, partners and the general public in relation to the work that we undertake.

3.1.4 Group subsidiaries will meet their duty to manage Health and Safety in line with relevant legislation and established best practice set out in Approved Code of Practices and relevant Guidance Documents.

3.1.5 The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations require Group's Care Subsidiaries to ensure the following as a Provider:

- Make proper provision for the health, welfare and safety of service users;

- Provide services in a manner which respects the privacy and dignity of service users;

- Ensure that no service user is subject to restraint, unless it is the only practicable means of securing the welfare and safety of that or any other service user and there are exceptional circumstances. Any use of restraint or physical intervention must be recorded within a service users care plan and be of an accredited recognized technique and intervention protocol;

- Staff should be trained appropriately in an accredited physical intervention risk assessment system which underpins the use of physical intervention;

- Where necessary, have appropriate procedures for the prevention and control of infection with all appropriate information shared with staff. Staff should receive appropriate information/instruction and training for effective infection control;

- As a provider of a care home, make necessary arrangements for the provision of adequate services from a health care professional to service users;

Section 4
Roles and Responsibilities

4.1 The following health and safety accountabilities have been assigned to competent positions across the Group, to enable us to meet the objectives set out in our Group Health and Safety policy and written Management Arrangements.

4.1.1 The following table shows the duty holders for managing health and safety across the Group.

Subsidiary/Business area	Duty Holder
Glasgow Housing Association	Managing Director
Dumfries & Galloway Housing Partnership	Managing Director
Dunedin Canmore Housing Association	Managing Director
Repairs, Investment and Compliance	Director of Repairs, Investment & Compliance
Loretto Housing Association	Managing Director, Dunedin Canmore
Lowther Homes	Managing Director
West Lothian Housing Partnership	Managing Director, Dunedin Canmore
Wheatley Care	Managing Director
Wheatley Solutions	Director of Assets and Sustainability Director of Development & Regeneration Directors' of Wheatley Solutions
Wheatley 360	Managing Director

4.2 Wheatley Group Board

4.2.1 The Board is responsible for providing leadership, to ensure that Board decisions reflect its Health and Safety intentions as laid out in The Wheatley Group Health and Safety Policy and have arrangements in place to ensure all significant issues and failings are reported to the board, to ensure full cognisance is reflected in Board decisions and priorities of Wheatley Group.

4.3 Wheatley Group Chief Executive

4.3.1 The Chief Executive has overarching accountability for the formulation and implementation of The Wheatley Group Health and Safety Policy. However, it is important to recognize that this duty is shared with Group Directors, Managing Directors, Directors, Managers and staff with specific responsibilities inherent within their role and function:

- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are accountable for health, welfare and safety;

- Providing Health and Safety Leadership within the Wheatley Group;

- Considering health safety and welfare during the planning and implementation of the Group's business strategy;

- Ensuring the responsibility for the implementation of compliance of this policy is assigned by Directors to managers and staff within their control;

- Ensuring there are sufficient resources for meeting the objectives of The Wheatley Group Health and Safety Policy.

- Ensuring arrangements are in place for consultation with staff and trade unions, and that they are involved in decisions relating to health and safety, and that progress in relation to health and safety is communicated to them;

- Including health and safety on the agenda of Board meetings and executive team meetings, providing leadership to all staff to promote and support a positive health and safety culture;

- Ensuring the provision and maintenance of a working environment for staff and other persons on our sites that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare, so far as is reasonably practicable;

- Ensuring our 'New Operating Model' for Homeworking is safely implemented and suitable measures and resources are available to ensure the continued health, safety and wellbeing of staff.

- Ensuring arrangements are in place to monitor and review health and safety performance across each of the Group subsidiaries, including accidents and incidents; and ensuring that the necessary amendments are made to relevant policies, procedures and processes where necessary;

- Oversight of our contractors and Principal Designers' health and safety procedures as part of procurement and vetting procedures.

4.4 Managing Directors & Directors

4.4.1 Managing Directors and Directors of Group subsidiaries will be responsible for the application of this policy through the nomination of staff with delegated duties and responsibilities, and allocation of financial resources to ensure that they meet their Health and Safety management responsibilities.

4.4.2 Managing Directors and Directors are responsible for the implementation of the Group's Health and Safety policy, and in particular for:

- Ensuring that health, welfare and safety concerns are part of the planning and implementation of business strategy;

- Ensuring that the necessary arrangements are in place for managing health and safety effectively, and that senior managers are informed of their responsibilities as part of their role and functions for health, welfare and safety;

- Ensuring that managers within their area of responsibility are suitably trained, competent and fully understand their health and safety obligations;

- Ensuring there are sufficient resources for meeting the objectives of The Wheatley Group Health and Safety Policy;

- Ensuring arrangements are in place for consultation with staff and trade unions and that they are involved in decisions relating to health and safety, and that progress in relation to health and safety is communicated to them;

- Ensuring the provision and maintenance of a working environment for staff and other persons on site that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare at work; so far as is reasonably practicable;

- Including health and safety on the agenda of senior executive team meetings;

- Ensuring arrangements are in place to monitor and review health and safety performance for each Group subsidiary, including accidents and incidents; and ensuring that the necessary amendments are made to relevant policies, procedures and processes.

4.5 Director of Assets and Sustainability

4.5.1 The Director of Group Assets will be responsible for the Group Health and Safety Team and Fire Safety Team to include the following duties:

- Providing leadership to promote a positive health and safety culture across the Group;

- Overseeing the activities of the Group Health and Safety Lead, Group Health and Safety Managers and Fire Safety Manager and their respective team of advisors.

- Chairing the Health and Safety Strategy Meeting to drive a positive health and safety culture and meet our obligations under the Safety Reps and Safety Committee Regulations.

- Engage and persuade stakeholders on the importance of promoting a positive health and safety culture;

- Report to the Group board regularly on the Group's health and safety and fire safety performance.

4.6 Group Health and Safety Lead

4.6.1 The Group Health and Safety Lead is responsible for developing and communicating a Health and Safety management framework and providing the competent and comprehensive assistance to the Wheatley Group and its subsidiaries including the following:

- Setting the strategic direction for health and safety practice across the Group

- Establishing and maintaining The Wheatley Group Health and Safety Policy, management arrangements and Operational Safety Manual;

- Supporting Directors and managers with responsibilities for Health and Safety to meet, deliver and maintain statutory obligations for health and safety;

- Providing advice and guidance to all staff and especially those staff with specific health and safety responsibilities;

- Providing a programme for staff Health and Safety training and ensure records are kept up to date;

- Provision of liaison and support on all matters relating to health and safety across the Group;

- Chairing the Health and Safety Operations Meeting to drive a positive health and safety culture and meet our obligations under the Safety Reps and Safety Committee Regulations.

- Provision of liaison and support on all matter relating to health and safety across the group with HR and Occupational Health as required;

- Liaising with Health and Safety Executive and other enforcement bodies on all statutory health and safety matters;

- Monitoring the implementation of The Wheatley Group Health and Safety Policy and management arrangements, by audits, site visits and liaison with managers;

- Periodically reporting on health and safety and fire safety performance to Boards and relevant stakeholders.

Ensuring arrangements are in place to provide assistance in the case of investigation of Accidents, Incidents and Near misses where necessary.

4.7 Group Health and Safety Manager(s)

4.7.1 The Group Health and Safety Manager(s) are responsible for assisting the Group Health and Safety Lead in developing and communicating a health and safety management framework and providing the competent and comprehensive assistance to the Wheatley Group and all its subsidiaries including the following:

- Setting the strategic direction for care Health and Safety practice across the Group in the context of the Group Health and Safety Policy

- Establishing and maintaining The Wheatley Group Health and Safety Policy, management arrangements and Operational Safety Manual for care subsidiaries;

- Supporting Directors and managers with responsibilities for care related Health and Safety to meet, deliver and maintain statutory obligations for health and safety;

- Providing advice and guidance to all staff and especially those staff with specific care related health and safety responsibilities;

- Providing a programme for staff Health and Safety training and ensure records are kept up to date;

- Provision of liaison and support on all matters relating to Health and Safety across the Group;

- Chairing and driving positive change through recognised Management Working Groups to include but not limited to, Lone Working Group and Trades Working Group etc.

- Provision of liaison and support on all matter relating to health and safety across the group with HR and Occupational Health as required;

- Liaising with Health and Safety Executive and other enforcement bodies on all statutory health and safety matters;

- Monitoring the implementation of The Wheatley Group Health and Safety Policy and management arrangements, by audits, site visits and liaison with managers;

- Ensuring arrangements are in place to provide assistance in the case of investigation of Accidents, Incidents and Near misses where necessary.

4.8 Managers

4.8.1 Managers (e.g. Locality Housing Directors, Care Managers, Facility Managers, Environmental Managers etc.) will be responsible for ensuring that The Wheatley Group Health and Safety Policy is implemented within their structure. Managers must ensure risks are assessed and all required and appropriate controls implemented within the workplace and on our sites to ensure that safe conditions and systems of work are maintained. Where hazards are identified the manager must ensure that suitable and sufficient controls are in place, so far as is reasonably practicable.

Where any concern exists advice should be sought from the Group Health and Safety team.

4.8.2 The arrangements will meet the expectations of HS(G)65 Health and Safety management where Plan, Do, Check and Act will underpin the Wheatley Group Health and Safety management system. The intention of this will be to ensure the preventive and protective measures identified are in place, working effectively and regularly monitored.

4.8.3 Management duties include the following:

- Ensuring that staff, contractors and visitors are aware of safety procedures and make arrangements to ensure that all staff, including temporary workers, are familiar with The Wheatley Group Health and Safety Policy and that they are provided with relevant information, instruction, training and supervision to ensure their competence on the use of equipment, plant, machinery and substances;

- Establishing that all equipment, plant, machinery and substances used are suitable for the task and that their use is reviewed if staff role/function changes, or if there is a new system of work introduced, new work equipment, or new technology, through detailed risk assessments;

- Establishing that all equipment, plant, machinery and substances used are kept in good working condition; this includes the regular maintenance and servicing of equipment and machinery and retaining inspection and maintenance records;

- Liaise with the Group Health and Safety Team to participate in the process of risk assessments of workplaces, activities/equipment and sites' This will ensure the provision and maintenance of a working environment and work activities for staff and other persons on our sites that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare, so far as is reasonably practicable. All risk assessments will be carried out in accordance with legislative requirements with regards to review timescales;

- Providing suitable and sufficient training, information, instruction and supervision to ensure work is conducted safely and that records of training are up-to-date;

- Have knowledge and understanding of how to access or request training records from The Groups Learning Management System, managed by the Wheatley Academy, to demonstrate compliance with health and safety requirements;

- Ensuring contractor management processes are in place and are followed in the areas of their control;

- Taking immediate and appropriate steps, to investigate and rectify any foreseeable risks to health and safety arising from the work activity or environment;

- Ensuring that all relevant personnel have the required Personal Protective Equipment (PPE) and that it is maintained/replaced as required;
- Bringing to the attention of local senior management any health and safety issue that requires their attention;

- Ensuring that all accidents, incidents and "near misses" are properly recorded, reported and investigated to determine causal factors;

- Maintaining safe access to and egress from the workplace at all times;

- Ensuring that relevant advice is sought from the Group Health and Safety team when required.

4.9 Construction, Design and Management

4.9.1 Managers who are responsible for initiating construction, repairs and investment work will be subject to the Construction (Design and Management) Regulations. They must take appropriate steps to ensure work is planned in accordance with relevant standards and statutory provisions. They must fulfill the role of "Client" as follows:

- Ensuring that appropriate due diligence of all main contractors and Group Health and Safety Consultants we appoint is carried out prior to their appointment;
- Ensuring that the principal contractor and principal designer have the skills, knowledge, experience and organisational capability to comply with health and safety legislation and carry out their duties;
- Ensuring monitoring of the principal contractor and principal designer is undertaken until the completion of the project and document the information;
- Collating F10 forms and health and safety files at a central location for the relevant Group subsidiary;
- Ensuring that the Health and Safety Executive is provided with the notifications in accordance with current legislation;
- Reporting any concerns over health and safety to the Group Health and Safety Team as soon as reasonably practicable.
- CDM Regulations places duties on clients, principal designers, principal contractors, contractors and self-employed persons. All are required to work together ensuring Health and Safety is incorporated into projects as early as possible.
- Managers of construction teams/projects must ensure safety management systems are in place to control project arrangements.
- Ensuring that appropriate arrangements are in place for the management of Temporary Works for their duration in any construction or associated projects.
- The Group will put systems in place to ensure all contractors working for Wheatley Group in Wheatley Group properties are vetted from a Health and Safety perspective.

  Additional guidance with regards to construction is available from the HSE http://www.hse.gov.uk/index.htm

4.10 Group Health and Safety Team

4.10.1 The role and function of the Group Health and Safety Team is to maintain and promote an effective Health and Safety ethos and Health and Safety management system throughout the Group. The team will support all staff and management to implement the Health and Safety management system and comply with regards to all legislation and the principles of this Group Health and Safety policy.

4.10.2 Responsibilities of the Group Health and Safety Team include:

- Developing, review and updating of the Group Health and Safety arrangement documents and management system (OSM) for all parts of the business;

- Advising the Group on new legislative updates, Regulations, Codes of Practice and guidance notes relevant to its operations;

- Providing management with advice and support to meet their Health and Safety responsibilities;

- Assisting management in the on-going development, implementation and review of risk assessments;

- Inspecting/auditing/carrying out due diligence of operational functions of contractors and Principal Designers and providing written reports to operational management on findings and necessary action;

- Providing written reports to senior management on Health and Safety matters and the implications of statutory and common-law Health and Safety requirements;

- Promoting Health and Safety training and educational programs to develop Health and Safety awareness at all levels within the organisation;

- Training will be at a level to develop competence for staff with specific roles and responsibilities;

- Arranging and providing of Health and Safety training for all relevant personnel as necessary ensuring attendee details are updated on the Learning Management System;

- Ensuring that all reportable accidents/incidents within the Group are reported to the relevant enforcing authority and our insurers as required under the applicable regulations;

- Reviewing and investigating where necessary all accidents and incidents (including near misses) arising from operational functions and subsequent provision of advice to management in remedial or preventative measures;

- Liaising with external organisations and agencies as required;

- Providing statistical analysis on reportable accidents/incidents, and near misses.

4.11 Powers of the Group Health and Safety Team

4.11.1 To effectively implement the principles of The Wheatley Group Health and Safety Policy, the Group Health and Safety team will have the following control:

- The right to enter any Wheatley Group or Subsidiaries premises/ construction sites at any time for the purposes of inspection, audit and investigation;

- Where it is the belief of a Group Health and Safety Team member that there is an immediate risk of serious personal injury, the Group Health and Safety Team, in consultation with management, will take appropriate action that may include the immediate cessation of activity;

- In the event of major incident/accident to: (a) ensure that plant and equipment is not disturbed, and (b) to impound any equipment machine, substance or product which is required as part of an investigation, whilst liaising with relevant management in the area affected;

- Where a Group Health and Safety Advisor or Fire Safety Officer is of the opinion that a building or structure is a serious danger to staff or others, then the officer in consultation with management will take action which may include the temporary closure of a premise in extreme situations;

- To interview those with knowledge or information relevant to the investigation, and to obtain that knowledge/information either verbally or in a written statement. The Group Health and Safety Advisor or Fire Safety Officer has discretion on who can be present during questioning and the taking of a written statement not withstanding Union representative if appropriate;

- To inspect and take copies of books, photographs, measurements or documents required by them as part of an investigation.

4.12 Group Employee Relations Team

4.12.1 The Group Employee Relations Team support the welfare and health of staff throughout the organisation and have responsibility for policy relating to these areas.

4.12.2 The team will work closely with the Group Health & Safety Team to ensure that the health and safety of staff are supported.

4.13 Care Management Team

4.13.1 In addition to the general obligations for health and safety of Directors and Managers, the Group's Care Management Team have the following additional responsibilities which will be undertaken by relevant Care Manager(s):

- Making proper provision for the health safety and welfare of service users and staff;

- Providing services in a manner which respects the privacy and dignity of service users;

- Ensuring that no service user is subject to restraint, unless it is the only practicable means of securing the welfare and safety of that or any other service user/member of staff and there are exceptional circumstances which necessitate the intervention. Any physical interventions must be of a recognised and accredited scheme and staff should be appropriately trained and understand the ethos of the training system, interventions and the application of it;

- Where necessary, having appropriate procedures for the prevention and control of infection;

- As a provider of a care home, making necessary arrangements for the provision of adequate services from a health care professional to service users.

4.14 Staff

4.14.1 It is the duty of all staff to take all reasonable care for the health and safety of themselves, and any other persons who may be affected by their acts or omissions at work. They must also co-operate with managers, trade unions, staff representatives and other staff to fulfil Group and subsidiary health and safety objectives and statutory duties. In particular, their duties include:

Complying with the information, instruction, supervision and training they are given in a timely manner and keep training records up-to-date;

- Attend and complete all necessary Health and Safety training as required;

- Not undertaking hazardous work unless they are appropriately trained and have the appropriate authority to carry out the work;

- Using machinery, equipment or substances provided by the Group or its subsidiaries in accordance with any training and instructions provided in the use of that equipment, and in compliance with relevant statutory requirements and prohibitions;

- Ensuring that they have undertaken appropriate training and it is valid and current to allow authorised use of machinery and conduct specialised tasks. Work pressures and timescales must not impact on this. Staff should discuss with managers/Group Health and Safety Team and or Union representatives if this is perceived to be an issue or concern;

- Carrying out their work safely and without undue risk to themselves, colleagues or others who may be affected by their actions;

- Not intentionally interfering, misusing or ignoring arrangements, controls including procedures and items provided for health and safety purposes;

- Check tools and equipment before using them, and must not use equipment which they know to be damaged or faulty;

- Ensuring that any damage to equipment is reported immediately to their manager/supervisor and removed from service until it is repaired or replaced. Pressures and timescales should not impact on this;

- Not bringing any equipment, tools, etc. onto company premises without first obtaining permission from their supervisor/manager, electrical equipment must be PAT tested prior to use, unless newly purchased;

- Complying with the arrangements for emergencies as they have been instructed;

- Co-operating with management, colleagues, safety representatives and advisors promoting safe working practices;

- Keeping their work areas tidy and clear of hazards;

- Reporting accidents, incidents, near misses and any other hazards that they observe to their manager/supervisor;

- Drive safely at all times whilst undertaking company business;

- Reporting any concerns, they have relating to health and safety or welfare to their supervisor/line manager or the Group Health and Safety Team;

- Report any health condition that may or does affect their ability to work safely to their line manager or HR as soon as possible;

- Cease any work activity and leave any work area where a staff member/representative believes there is or senses immediate danger to themselves or others, this includes any doubt about the processes / procedures. Staff should stop activities and seeking clarification from the Group Health and Safety Team or review the risk assessment. Disciplinary action should not be taken against a member of staff who reasonably stops a work activity for Health and Safety concerns;

- Ensure the use of appropriate personal protective equipment, clothing or safeguards provided and as identified at risk assessment. Ensure that personal protective equipment is stored correctly and kept in good condition, reporting losses or defects to line management.

- Where an employee has been identified home-based agile They shall ensure they maintain a safe working environment within their home, in accordance with the Information, Instruction and Training provided to them.

4.14.2 Staff should not feel pressurised into carrying out work activities or tasks where they have not received the relevant training, or do not have the correct equipment to use or are not in possession of the required safety equipment.

4.14.3 Any health and safety concerns will be addressed through the management structure, initially to line managers or the Group Health and Safety Team. Thereafter appropriate investigation shall be undertaken in a timeous manner with appropriate action being taken.

4.14.4 All unresolved concerns/defects must be highlighted as soon as practicable to the Group Health and Safety Team. This can be done via line managers or directly via phone/email/in writing. (#WheatleyHealthandSafety@wheatley-group.com/)

4.14.5 Disciplinary procedures may be considered against staff that knowingly violate or fail to implement health and safety procedures or standards, or fail to use PPE or equipment provided for safety controls.

4.15 Trade Union Safety Representatives

4.15.1 The Group recognises the importance of staff involvement in Health and Safety matters and welcomes the positive role played by Trade Union safety representatives appointed under The Health and Safety at Work, etc. Act 1974, the Safety Representatives and Safety Committee Regulations,

4.15.2 Facilities and assistance will be provided to enable safety representatives to carry out their duties.

4.15.3 Arrangements for consultation and co-operation for Health and Safety of staff.

4.15.3 Management will consult with Trade Union Safety Representatives over issues related to health, safety and welfare and provide the information they require in order to carry out their functions.

4.15.4 Trade Union Safety Representatives are required to give management reasonable notice of their intention to carry out inspections, to provide written reports following such inspections and to adhere to agreed procedures when disputes over Health and Safety issues arise.

4.15.5 Management should consult with Trade Union Safety Representatives prior to staff moving into a new office/premise/location to ensure that they are satisfied with the standard of the new premises with particular reference to the welfare facilities and Health and Safety measures.

4.15.6 Management must co-operate with Trade Union Safety Representatives in the completion of Safety Representative Inspection Reports. It is most important that managers take a pro-active role in dealing with the matters brought to their attention and that they conform to the necessary time scales.

4.15.7 Management must make arrangements to establish and actively encourage a Health and Safety structure to facilitate consultation and co-operation on Health and Safety in all areas of the organization.

4.15.8 The functions of the Safety Representatives under the terms of legislation and as applied by this policy are:

- To carry out inspections following reasonable notice, of the workplace every three months or immediately following notifiable accidents or dangerous occurrences;

- To investigate potential hazards and dangerous occurrences in the workplace and to examine the cause of accidents at the workplace;

- To investigate complaints by a staff they represent, relating to that staff health, safety and welfare at work;

- To bring to the employer’s notice, in writing, any unsafe or unhealthy conditions or working practices or unsatisfactory arrangements for welfare at work and;

- To encourage safe practices among the staff they represent and promote the Health and Safety management system.

Section 5
General Health and Safety Arrangements

5.1 Accident, Incident, Near Miss Reporting and Investigation

5.1.1 The Group's Accident, Incident and Near Miss Reporting procedures must be followed and recorded by the relevant manager and a copy provided to the Group Health and Safety Team.

5.1.2 The Operational Safety Manual (Section A) contains the Accident, Incident and Near Miss Reporting procedures and forms. These are available in hard copy and electronically via the Health and Safety page of WE Connect.

5.1.3 All serious accidents, incidents and dangerous occurrences will be further investigated as necessary, to identify the cause and to prevent a recurrence. This will be by line managers and the Group Health and Safety team when determined as required/necessary.

5.1.4 The Group has a duty to ensure that when an accident, incident or near miss falls within the RIDDOR criteria (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) this is reported in accordance with the regulations guidelines. A report should be submitted within 15 days' maximum for an over 7-day absence category and without delay for a specified incident or fatality, not exceeding 10days.

5.1.5 There will be occasions when the HSE determine they wish to carry out an investigation and notification of this will be via the Group Health and Safety Team or by their arrival on site if it in response to a fatality or immediate dangerous concern.

5.1.6 Individuals who wish their trade union or employee representative informed specifically or to have them investigate an incident must sign a mandate or permission confirmation prior to full information being provided. Suitable arrangements will be put in place to inform the appropriate trade union or employee representative of reported incidents and this will take account of GDPR.

5.2 Alcohol, Drugs and Gambling Addiction

5.2.1 The Group recognises that those staff who misuse alcohol, drugs and gambling where it impairs their work performance, conduct or relationships at work, may also impact on a safe and healthy working environment.

5.2.2 The Group will continue to promote and support the health and wellbeing of staff to minimise problems at work arising from the effect of alcohol, drugs or gambling addictions.

Please refer to the relevant HR policies for further information.

5.3 Asbestos

5.3.1 The Group acknowledges the health hazards associated with asbestos arising from exposure to asbestos and will take the appropriate measures to reduce exposure so far as reasonably practicable through the use of control measures and specialist contractors. Management procedures will include the following:

- Managing or removing asbestos in premises under the control of the Group;

- Assessing/ inspecting all reasonably accessible areas in properties under the control of a Group subsidiary when acquired and/or where there has been a significant change since a previous assessment;

- Reviewing plans for control of asbestos at regular intervals;

- Maintaining a written record of inspections, assessments, location/ condition of asbestos found and plans for on-going control (asbestos register).

5.3.2 Managing Directors, Directors and Managers including Supervisors and Team Leaders are required to read and familiarize themselves with the Group Health and Safety Management Arrangement: and complete the Group Health and Safety Awareness and Asbestos Awareness course which includes guidance and information on managing and preventing possible exposure of asbestos.

Please refer to the Group Health and Safety Management Arrangement: Asbestos, which can be found on W.E. Connect, for further information.

5.4 Construction, Design and Management

5.4.1 All building and construction work (including new build, demolition, investment refurbishment, extensions, conversions, repair and maintenance work) undertaken by or on behalf of the Group must comply with The Construction (Design and Management) Regulations (CDM Regulations). The relevant Group subsidiary is responsible for compliance with the CDM Regulations, including oversight of the Principal Designer and Principal Contractor roles (carried out by third parties). Note that where no third party is appointed to carry out these roles, the responsibility for the fulfillment of these roles lies with the Group subsidiary instructing the works.

5.4.2 The CDM Regulation requirements include the following:

- Managing construction projects throughout the lifespan of the project, as reasonably practicable, without risk to health or safety of any person affected by our construction projects;

- Providing pre-construction information to contractors and designers (including asbestos);

- Carrying out initial due diligence prior to appointment and ongoing oversight of Principal Designers and Principal Contractors until project completion to ensure they have the skills, knowledge, experience and organisational capability to fulfill their role under the CDM Regulations in a manner that secures health and safety of any person affected by the relevant project;
- Ensuring that a health and safety file for each project is established and retained by/ on behalf of the relevant Group subsidiary as necessary;

- Ensuring the Principal Contractor produces a construction phase plan for each project prior to commencement of construction;

- For projects consisting of 30+ days' construction and 20+ workers on site / construction to exceed 500 person days, notifying HSE prior to commencement of the construction phase;

- Ensuring safe access to and egress from construction sites; the site is made safe for workers (taking account of traffic routes, operation of equipment, fresh air, adequate lighting, welfare provisions and appropriate weather conditions) and is kept secure and in good order; and sufficient working space is made available to workers to enable them to carry out their work;

- Taking all practical steps to ensure stability of new or existing structures to prevent danger to any person;

- Ensuring that any demolition or dismantling works are planned and carried out in such a manner to prevent or minimise danger and documenting such arrangements;

- Ensuring that explosives are stored, transported and used safely and securely;

- Ensuring that all practical steps are taken to prevent danger to any person during excavations or in an area which has been excavated;

- Ensuring that sites are inspected and concerns are reported to the appropriate person;

- Ensuring that energy distribution installations are suitably located periodically checked and clearly signed in order to prevent unauthorised access giving rise to danger;

- Taking steps to prevent harm by drowning, fire or asphyxiation;

- Ensuring suitable and appropriate fire safety procedures and emergency procedures are in place.

  Additional guidance on The Construction (Design and Management) Regulations can be found at the HSE website. http://www.hse.gov.uk/index.htm

5.5 Control of Contractors

5.5.1 Where contracts are to be awarded to third parties the Group Health and Safety Team in conjunction with procurement, responsible manager and technical specialist will be part of the process for reviewing whether contractors are competent to carry out the tasks required and can demonstrate safe systems of work.

5.5.2 For tendered contracts the contractors will be evaluated at prequalification or tender stage to ensure that the contractors are competent to carry out the task(s) required, and can demonstrate safe systems of work.

5.5.3 Where contracts are awarded under framework agreements the contractor's competence of the contractor(s) will be periodically reviewed based on risk assessment and review of their key performance indicators. Contractors who fail to meet the relevant health and safety performance requirements may be removed from frameworks.

5.5.4 Where contractors are directly awarded contracts their competence will be evaluated prior to contract award.

5.5.5 Contractors who fail to meet the relevant health and safety performance criteria will not be considered for future tenders and their contracts can be terminated. This will be a procurement process with the involvement of the Group Health and Safety team where appropriate.

5.6 Control of Substances Hazardous to Health (COSHH)

5.6.1 To fulfill duties imposed by the Control of Substances Hazardous to Health Regulations, the Group will ensure that as far as is reasonably practicable no work is carried out which is liable to expose any staff or others to a product, chemical or substance hazardous to health unless a suitable and sufficient risk assessment has been carried out.

5.6.2 Exposure to hazardous substances will either be eliminated, avoided or, where this is not reasonably practicable, adequately controlled. Measures introduced to control exposure will be maintained and tested to ensure their continued effectiveness. In the hierarchy of control measures, personal protective equipment will only be provided as a last resort in controlling exposure to substances. Information, instruction and training will be given to staff likely to be exposed to substances hazardous to health.

5.6.3 Any proposed purchase of a hazardous chemical or substance (that does not appear on the approved list of hazardous substances/chemicals) must be referred to the Group Health and Safety Team for assessment.

5.6.4 Information, instruction and training will be given to staff that may potentially be exposed to substances hazardous to health. Relevant procedures are contained in the Operational Safety Manual.

5.6.5 Staff who routinely work with hazardous substances may be required to undertake routine health surveillance to ensure their health is not being adversely affected.

5.7 Display Screen Equipment (DSE)

5.7.1 The Group will take all reasonable steps for the Health and Safety and welfare of staff designated as "users" i.e. those who work with display screen equipment, (DSE) for prolonged periods of time.

5.7.2 Initial assessments should be made at the commencement of employment and thereafter, will be reviewed if there is significant change to the individual user, the tasks they perform or the workstation.

5.7.3 Annual review of users will take place via self-assessment documentation or e-learning to identify potential issues and assistance will be provided by the Group Health and Safety team upon request by managers of member of staff.

5.7.4 The work routine of staff falling within the definition of "user" will be planned to ensure that there are no continuous periods of display screen work. Staff will be entitled to corrective glasses where these are identified via eye and eyesight test as required for DSE work.

5.7.5 Staff will be given appropriate training and information about Health and Safety at the workstation, to enable the safe use of DSE.

5.7.6 Home based Agile Workers shall require to implement the Group Homeworking Arrangements and ensure a Homeworking Assessment is completed that addresses the needs of working with DSE at home. Further information on arrangements to be completed for all Home Based Agile Workers can be found in the health and safety pages of WE Connect.

Relevant procedures are contained in the Operational Safety Manual.

5.8 Electricity at Work

5.8.1 Work on electrical equipment and systems can be hazardous and the Group will control any risks so far as is reasonably practicable.

5.8.2 Under The Electricity at Work Regulations, the employer must assess the work activities which utilise electricity, or which may be affected by it, and to define all foreseeable associated risks. The Group will ensure that electrical equipment and systems are properly constructed, installed and maintained and that installations are suitable for the environment in which they are used.

5.8.3 All persons carrying out electrical work will be competent for the tasks assigned to them.

5.8.4 Suitable protective equipment will be provided where necessary and maintained in good condition.

5.8.5 All staff have a responsibility to report obvious electrical hazards immediately to line management. This equipment must be withdrawn from service until repaired or replaced.

5.8.6 Portable Appliance Testing (PAT), Fixed Installation Testing (FIT) and Emergency Lighting testing will be undertaken by competent persons. Only a contractor appointed by the Group will carry out maintenance and testing work involving electrical equipment.

- PAT (Portable Appliance Testing) will be undertaken on a three (3) year rolling cycle or risk based frequency;

- FIT (Fixed Installation Testing) will be undertaken every five (5) years for all relevant premises; and

- Emergency lighting shall be tested annually;

- Maintained in appropriate log books on site and where relevant on the Asset Management system

5.8.7 Records will be available on request.

Relevant procedures are contained in the Operational Safety Manual.

5.9 Fire Safety

5.9.1 The safety of life must supersede all other considerations.

5.9.2 The Group approach to fire safety is primarily one of fire prevention and life preservation. The Wheatley Group Fire Safety Management Policy arrangement will provide detailed systematic measures for fire safety management.

- Fire risk assessments will be carried out for all relevant premises and some domestic premises by the Group Health and Safety Team and Fire Safety Team.
-
- Fire risk assessments shall be reviewed regularly, or when there is a significant change to the building or its use, in order that risks are controlled and fire safety arrangements are implemented;

- Measures will be put in place in order that fire can be detected within a reasonable time frame and occupants alerted;

- People who may be in the building can get out quickly and safely;

- Staff in the building know what to do if there is a fire and have suitable and sufficient emergency procedures;

- Staff and visitors with special needs will be offered a personal emergency evacuation plan (PEEP) which will be developed in consultation with the individual and team members;

- There is adequate provision of maintained firefighting equipment;

- It is a legal requirement that all staff receive suitable fire safety awareness training, they shall receive this upon commencement of employment and then three (3) yearly;

- Staff have a duty to report any concerns in relation to fire safety to their line Manager or the Group or subsidiary Health and Safety Team;

5.9.3 The Group's responsibilities to meet the provisions of the Fire (Scotland) Act 2005 and the Fire Safety (Scotland) Regulations are set out in The Wheatley Group Fire Safety Management Arrangement.

Relevant procedures are contained in the Operational Safety Manual and the Fire Safety Management Arrangement.

5.10 First Aid at Work

5.10.1 The Group will provide information and training on first aid to staff, based on risk assessment, to ensure that statutory requirements and the needs of the Group are met.

5.10.2 Via a process of risk assessment the Group will have sufficient provision of trained first aid persons and equipment where necessary.

5.10.3 All first aid treatment delivered will be recorded using the appropriate documentation contained within the Operational Safety Manual and on the Wheatley Group LMS (Learning management system).

5.10.4 Homeworkers shall ensure that they complete Introduction to First Aid Training on a regular basis as part of the Group Homeworking arrangements

Relevant procedures are contained in the Operational Safety Manual.

5.11 Gas Safety

5.11.1 There is a responsibility to ensure effective gas management is in place which ensures legal compliance. This system will include procurement, safe installation, inspection, maintenance and monitoring regimes with regards to gas systems within premises owned and managed by The Group.

Please refer to the Wheatley Group Health and Safety Management Arrangement: Gas Safety and procedural documentation for specific requirements and further information.

5.12 Health and Safety Induction, Instruction and Training

5.12.1 All staff will receive a formal induction to the Group as part of the commitment to the health and safety of staff. This induction covers Health and Safety information as undernoted:

- There is a Group Health and Safety Team for support, guidance and advice;
- The Health and Safety management system in place comprises The Wheatley Group management arrangements and the specific procedures within the Operational Safety Manual. This is available in hard copy on each site and electronically on the Health and Safety page on WE Connect;
- All staff must complete a site/task specific Health and Safety Induction document on starting work in a new location delivered by their manager;
- Legally all accidents, incidents and near misses must be reported by staff; and
- Staff must report any serious risk to Health and Safety to a manager as soon as possible.

5.12.2 Health and Safety, Fire Safety and subject specific training along with tool box talks will be provided by the Wheatley Group Health and Safety Team. Where necessary specialist subject training will be provided by external, competent contractors. Training records will be retained within the Learning Management System which is managed by the Wheatley My Academy staff. Wheatley My Academy staff will also support any e-learning developments in conjunction with the Wheatley Group Health and Safety team.

5.12.3 Training helps to ensure the competency of management and key personnel. Where specialist training is required competent, accredited external providers will be appointed.

5.13 Homeworking

5.13.1 The Group recognise that most of the work that staff would undertake at home is based around work on a computer, tablet and telephone/mobile phone, and as such not considered high risk.

5.13.2 However, the Health and Safety at Work Act 1974 places a duty on employers, self-employed people and employees when acting in the course of their employment whether at home, in the office or in our communities.

5.13.3 The Group recognise that there is a duty to protect the health, safety and welfare of our employees, including Home Based Agile Workers.

5.13.4 In order to ensure this duty is fully met, all employees who are deemed Home Based Agile Workers must complete a home worker self-assessment and all associated mandatory training modules, as identified by the Group.

5.13.5 Line Managers shall therefore ensure that aforementioned Homeworking arrangements to include the provision of Occupational Health and Wellbeing support is maintained for all Home Based Agile Workers.

5.14 Infection Prevention & Control

5.14.1 The Group recognises the benefits of controlling possible rates of transmission of infections in the workplace to staff, customers and service users. This will be addressed through all staff adopting appropriate precautions, consistently and responsibly in their day-to-day practices and in line with current NHS and Public Health Scotland Guidelines.

5.14.2 The precautions should help reduce or prevent the spread of the majority of infections, particularly blood borne pathogens and viruses, such as Hepatitis B, Hepatitis C, Coronavirus and Human Immunodeficiency Virus (HIV) as well as bacterial infections such as MRSA.

5.14.3 The Group recognises that some staff will encounter sharps (needles) in the course of their normal work activities.

5.14.4 To minimise the risk of a sharps injury staff will be provided, based on job their role, with:

- Training on the avoidance of sharps, and;
- Training on the safe collection and disposal of used sharps;
- Relevant procedures are contained in the OSM;

5.15 Legionella

5.15.1 The Group recognises the risk of infection from Legionella bacteria and will take all reasonable steps to implement an appropriate health and safety management system for water systems within premises to ensure that the necessary measures to prevent, or adequately control, the risk from exposure to Legionella bacteria.

5.15.2 The management system for Legionella will:

- Identify hazards and assess sources of risk – this includes checking whether conditions are present which will encourage bacteria to multiply, if there is a means of creating and disseminating breathable droplets, and if there are susceptible people who may be exposed to the contaminated aerosols;
- Prepare a scheme for preventing or controlling the risk;
- Implement, manage and monitor precautions; and
- Keep records of the precautions on appropriate asset management register;

5.16 Lifting Operations and Lifting Equipment

5.16.1 The Group recognises that it has a duty to reduce the risks to staff and others from lifting operations. In order to assist Wheatley Group in discharging this duty, all managers must make sure that all lifting equipment provided for work use is appropriate:

- Suitable and sufficient for the tasks/operations
- Strong and stable enough for the particular use and marked to indicate safe working loads:
- Positioned and installed to minimise any risks;
- Used safely, i.e. the work is planned, organised and performed by competent people; and
- Subject to on-going thorough examination, and where appropriate, inspection by competent people;
- Staff receive all appropriate training required.

5.17 Lone Working

5.17.1 The Group recognises that lone workers can at times face particular difficulties and will as such not require staff to work alone where a risk assessment considers there is an unacceptable risk, and will make arrangements to ensure that all lone workers are appropriately trained:

5.17.2 In addition lone working procedures will be developed in accordance with risk assessments and managers must implement and monitor these procedures with their staff group as meets the needs of their activities.

5.17.3 All staff will be provided with information and instruction with regards to lone working procedures during induction and through Health and Safety Awareness Training.

Relevant procedure are contained in the Operational Safety Manual

5.18 Manual Handling

5.18.1 It is recognized that Manual Handling is one of the most common cause of injury and multiple absences and where possible must be avoided so far as reasonably practicable.

- Where it is not possible to eliminate hazardous manual handling, risk assessments will be undertaken to determine the level of risk;
- Suitable controls will be introduced to reduce the risk of injury, including training, mechanical aids, automation, redesigning the system of work or even the workplace itself;
- In some cases Manual Handling assessments will be included into other task/activities/job profile risk assessments;
- Where required specific manual handling assessments will be undertaken if not included as part of other risk assessments. These will be recorded and shared with appropriate managers and staff.

Relevant procedures are contained in the Operational Safety Manual.

5.19 Medication (Management and Administration)

5.19.1 The Group recognises that today's medicines are powerful compounds that control disease, ease discomfort and prolong life for millions of people and are generally beneficial.

5.19.2 Group subsidiaries that are responsible for management and administration of medicines to people, be they young or old, healthy or sick, will follow a set of general principles to make sure that this is done safely and will make a structured approach in order that Management and Staff can apply consistent and effective practices in respect of the management of medication.

5.19.3 Relevant Group subsidiaries shall have their own specific procedures relating to this matter that will ensure that the procedures are relevant to that particular Group subsidiary and meet regulatory standards and practices. These will be included in the OSM.

5.20 New and Expectant Mothers

5.20.1 The Group recognises risks associated with working operations that may pose risk to a new or expectant mother or to that of her baby, and will ensure sure that decisions on how to manage those risks are made in an informed, rational and structured manner as determined by a specific Risk Assessment. This will ensure the workplace / activities are:

- Safe, i.e. the work is planned, organised and reviewed as a matter of course as pregnancy develops or new mother returns to work.

Relevant procedures are contained in the Operational Safety Manual.

5.21 Noise

5.21.1 The Group will take all reasonable steps to ensure that the risk of damage to hearing for staff who work with noisy equipment or in a noisy environment is reduced to a minimum.

5.21.2 Noise assessments will be carried out to determine the level of the problem and appropriate controls implemented.

5.21.3 Methods of reducing noise levels and/or exposure times will be implemented as alternatives to personal protective equipment. Ear defenders will be provided only as a last resort as means of controlling exposure to noise. Testing for Noise Induced Hearing Loss will be conducted for “at risk” groups by the Occupational Health Provider and be included in a health surveillance programme.

5.22 Occupational Health and Wellbeing

5.22.1 The Group recognises the importance of good staff health in relation to both work performance and a fulfilling active life outside of work.

5.22.2 Preventing or reducing work related ill health and stress ensures staff do not experience physical or mental injury or harm as a direct result of work activities and the Group will comply with legal requirements.

5.22.3 It is recognised that shift or irregular working patterns may have an impact on health. To mitigate this, industry good practice processes have been established. This is reflected in the safety management system and provided through occupational health surveillance.

5.22.4 The Group enhanced health benefits which are offered to staff includes a suite of health services and a generous cash-back scheme to help with the costs associated with treatments.

5.22.5 The Health and Wellbeing Plan contains information on eligibility criteria for The Group and its subsidiaries.

5.22.6 A comprehensive occupational health service and employee assistance programme is available to all Group staff, and includes:

- A 24 hour telephone advisory service, face-to-face counselling sessions and post incident de-briefing. This also includes support telephone services for staff, covering such areas as; Anxiety, Stress, Harassment, Work Related Issues/Stress, Bereavement, Debt Counselling / Management, Family Problems, Personal Problems, Marital Problems, Anger Issues, Violence, Illness, Personal Self Esteem/Confidence, Alcohol/Drug Misuse, Health, Depression and Mental Health.

- Pre-employment, night worker and driver questionnaires;

- Medical screening for staff exposed to specific occupational hazards such as noise or hand arm vibration;

- Relevant health surveillance for work activities including provisions under Employment Law;

- Provision of advice and counselling on problems of a medical nature;

- Occupational health service appointments on request for staff where appropriate;

- Advice on medical aspects of activities undertaken by the Wheatley Group and its subsidiaries,

- Physiotherapy service.

5.23 Personal Protective Equipment (PPE) and Respiratory Protective Equipment (RPE)

5.23.1 The Group will provide suitable and sufficient PPE where risks cannot be removed or adequately controlled by other means. It is introduced as a last resort; The Group is committed to reducing risk by alternative means so far as is reasonably practicable.

5.23.2 PPE/RPE purchased by The Group will comply with the appropriate British/European standards.

5.23.3 When PPE/RPE is to be provided as a control measure, The Group will, in consultation with staff and their representatives:

- Carry out an assessment to determine what risks exist and therefore what PPE & RPE is required;

  The Group will provide storage/training and maintenance of PPE & RPE; it will also replace PPE/RPE, which has been provided as a control measure, as necessary;

- PPE/RPE will be suitable for the activities and environments and will be compatible with other items of PPE or RPE not impairing the intended/inherent effectiveness of all PPE/RPE items;

5.23.4 Requirements for PPE/RPE are based on an evaluation of risk and on job role and in case of RPE the person, and these are contained within the Operational Safety Manual.

5.24 Risk Assessment

5.24.1 The Group has identified Health and Safety hazards relevant to the business, assessed the risk and recognise the importance and requirement for control measures to eliminate or reduce the risk of incident, injury or ill health occurring.

5.24.2 The information with regards to appropriate procedures and control measures are contained in relevant guidance documents and risk assessments

5.24.3 Risk assessments will be conducted for activities, for all job profiles and these will be reviewed on an ongoing process.

5.24.4 The Group risk assessments process will involve management, staff and health and safety representatives and is aimed at providing effective control measures for significant hazards.

5.25 Safety Signs and Signals

5.25.1 All safety signs and safety signals used within the Group will comply with The Health and Safety (Signs and Signals) Regulations.

5.25.2 Appropriate safety and/or warning signs must be provided and maintained especially where risks identified by risk assessment cannot be controlled by other means. Comprehensive and relevant information, together with instruction and training relating to safety signs will be provided to staff.

5.26 Security Threats

5.26.1 All Managers who are responsible for a premise will organise security and emergency evacuation strategies, taking security threats into account. Information and guidance on specific plans and arrangements can be found in the business continuity, emergency and contingency plans. These are tested and maintained on an annual basis.

5.26.2 All managers are responsible for the security of their building which should include arrangements for bomb threats, fires, intruders and other potential security issues.

5.27 Smoke Free Workplace

5.27.1 The Smoke Free Workplace seeks to guarantee staff the right to work in air free of tobacco smoke, The requirements of the Management of Health and Safety at Work Regulations and the Workplace (Health, Safety and Welfare) Regulation's also place stringent requirements on employers to assess risks and make sure that non-smokers are protected from the dangers of tobacco smoke whilst at work,

5.27.2 The Smoking, Health and Social Care (Scotland) Act and the Prohibition of Smoking in Certain Premises (Scotland) Regulation's prevent staff, customers and visitors from smoking in wholly or substantially enclosed premises.

5.27.3 Group Directors, Managing Directors, Directors, Senior Management, Managers and Team leaders will be responsible for enforcing the Smoke Free Workplace Policy within their respective areas. It is the responsibility of all staff to comply with the terms and conditions of this policy.

5.28 Stress

5.28.1 The Group recognises that, whilst a degree of pressure can be a positive and driving force at work, excessive and continuous pressure can have a negative effect on health and performance at work.

5.28.2 The Group is committed to promoting good health at work and to provide suitable support mechanisms for staff who may be suffering from the effects of stress.

5.28.3 Stress risk assessments can be arranged via Employee Relations with the objective of reducing harm from stress so far as is reasonably practicable.

5.28.4 The Group will so far as is reasonably practicable ensure that excessive pressures are identified and eliminated or controlled in the work environment and that the necessary risk assessments are completed and control measures progressed reducing workplace stressors.

5.28.5 To assist in this process The Group will:

- Provide suitable support mechanisms for staff suffering from the effects of stress;
- Encourage a working environment where staff who feel they are suffering from the effects of stress can approach their managers in confidence, in order that necessary support mechanisms can be put in place;
- Encourage a culture where stress is not seen as a sign of weakness or incompetence;
- Ensure adequate rehabilitation and support for staff returning to work after a period of absence due to stress;
- Offer suitable training to enable staff and mangers to recognize symptoms of stress, the effects of stress at work, effective communication, handling difficult situations, time management and employee relations;
- Undertake general health promotion activities within the workplace; and
- Where staff are suffering from stress, the Group will provide the necessary mechanisms to promote a return to full health as quickly as possible. Staff are encouraged to seek assistance from their line manager, senior management and/or our Employee Assistance Programme (EAP).
- Any contact will be dealt with in complete confidence. Staff will be offered any relevant counseling, help with stress reduction techniques and a full appraisal of their work situation.

5.29 Transport Safety

5.29.1 The Group has a responsibility to manage the risks encountered by staff while driving as part of their duties. This applies to anyone who drives on behalf of The Group, whether they are employed directly or indirectly, including staff using their own private vehicle for business (grey fleet) to staff operating dedicated works vehicles.

5.29.2 Managing workplace transport safety usually involves controlling a wide range of linked areas including vehicle safety, driving, loading/unloading, a person’s competence, towing, reversing, etc. The Group will provide and maintain information/insurance/instruction and training as required.

Refer to The Wheatley Group Safe Driving Policy for further information.

5.30 Vibration

5.30.1 The Group recognises that occupational exposure to vibration can cause discomfort and adverse health effects.

5.30.2 Hand-arm vibration syndrome (HAVS) is the term used to describe the injuries caused by the prolonged use of hand-held power tools and is recognised as a reportable disease within the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

5.30.3 The Group recognizes the requirements of the control of Vibration at Work regulations and will take all reasonable steps to ensure that the risk of injury to staff who work with vibrating machinery is appropriately controlled by elimination or risk reduction measures.

5.30.4 The Group has developed appropriate procedures and risk assessments in respect of tools and equipment used by staff in order to minimise the potential for any exposure to hand/arm vibration.

5.30.5 The Group will have a strict purchasing strategy in relation to tools and equipment which may expose staff to vibration. There will be competent persons designated to asses’ vibration levels of equipment (current and/or sample) to ensure levels are within safe limits.

5.30.6 All staff who are exposed to risk from vibrating equipment will undergo routine health surveillance. Testing for Vibration Induced Disorders will be conducted for “at risk” groups by the Occupational Health Provider. All data relating to Health Surveillance will be held by the Occupational Health Provider and Employee Relations.

Relevant procedures are contained in the Operational Safety Manual.

5.31 Violence at Work (Challenging behaviour and Aggression)

5.31.1 The Group does not accept that it is part of any member of staffs’ duty to be subjected to verbal abuse, threats, harassment on social media or physical assault.

5.31.2 When and if such abuse is experienced by staff, the relevant Subsidiary will provide personal support and guidance as is necessary to the staff to ensure that the effect of such abuse is minimised.

5.31.3 The Group provides a range of services to the community with the expectation that our staff will be treated with courtesy and respect.

5.31.4 Where a staff member is the victim of verbal abuse, harassment, threats or physical assault delivered by a member of the public or a fellow member of staff, appropriate action will be implemented against the offender(s) as outlined within the relevant Unacceptable Actions Policy. It should be made clear to all customers, service users and clients that violence and aggressive behavior is unacceptable and will not be tolerated.

5.31.5 Staff are required to report to their manager/supervisor incidents of violent, threatening or abusive behaviour to which they have been subjected. All incidents should be reported using the procedure highlighted in OSM section (A) Accident, Incident, Near Miss Reporting and Investigation.

5.31.6 It is recognized that within the care sector environment that challenging behaviours and violence exists. Appropriate training will be identified and provided to staff to allow them to develop confidence and competence to manage situations and circumstances where challenging behavior and violence may occur.

5.31.7 The Group has a duty to ensure that when an accident or incident falls within the RIDDOR criteria (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) this is reported in accordance with the regulations guidelines.

Relevant procedures are contained in the Operational Safety Manual.

5.32 Working at Height

5.32.1 The Group recognises the significant risks to Health and Safety presented by all work at height.

5.32.2 In line with the hierarchy of controls any working at height will be avoided where possible work equipment or other measures to prevent falls designed to minimize assistance and consequences will be in place following risk assessment.

5.32.3 Group managers must ensure a risk assessment for working at height is carried out, that any work at height is properly planned, appropriately supervised and carried out in as safe a way as is reasonably practicable. Advice is available from the Group Health and Safety Team. All parts of the risk assessment/control measures must be communicated to staff with all appropriate training and instruction provided.

5.32.4 All equipment/machinery and PPE provided for working at height purposes / activities will be subject to relevant maintenance and servicing in accordance with regulatory guidance.

5.33 Work Equipment

5.33.1 The purchase, use and maintenance of work equipment by the Group and its subsidiaries shall at all times be in line with the requirements of The Provision and Use of Work Equipment Regulations (PUWER).

5.33.2 As directed, managers/supervisors will be required to provide the necessary information, instruction and training to staff under their supervision, in order that work equipment is suitable for the purpose of use and information on how it should be safely used provided.

5.33.3 Examinations, regular maintenance, inspections and tests should be carried out by competent, accredited maintenance contractors to ensure work equipment is maintained in an efficient state, in efficient working order, and in good repair, with records maintained and monitored to ensure compliance.

5.33.4 If necessary, managers must seek advice from the Group Health and Safety team to ensure their responsibilities are met.

5.34 Workplace Welfare

5.34.1 The Group recognises that a safe working environment is a requirement and will ensure:

- A safe working environment is maintained in all areas/subsidiary through effective monitoring , which will include Health and Safety inspections and audits;

- It will ensure maintenance of workplace, work environment such as heating, lighting and ventilation; devices and systems, floor conditions, traffic management and noise by providing information, instruction and monitoring.

5.35 Operational Safety Manual

5.35.1 The Group Operational Safety Manual forms the basis for the ongoing management and control of health and safety. The details within the Operational Safety Manual describe the requirements under law to which the Group will comply. These responsibilities are shared amongst Directors and Managers across the Group.

5.35.2 The OSM will be made available to all Group subsidiaries and is tailored to the risks and activities undertaken by each subsidiary within the specific workplaces they occupy.

5.35.3 The OSM comprises the following sections, tailored to the subsidiary and function within each workplace, for example:

- Accidents, Incidents and First Aid
- Fire and Emergency Procedures
- Procedures and Risk Assessments

5.35.4 The Group and its subsidiaries have developed a number of safe working procedures/guidance documents and associated risk assessments covering specific work activities.

5.35.4 Group Operational Safety Manuals (OSM's) will be updated as required and at periods of not more than 3 years to ensure legal compliance and changes in work practices. These documents shall be made available in the Operational Safety Manuals and electronically to all persons employed by Group subsidiaries

Section 6
Health and Safety Monitoring

6.1 Health and Safety Operations Meeting

6.1.1 The Group's Health and Safety Operations Meeting relating to key functions (e.g. housing, care, NETS and in-house trades teams) will meet on a quarterly basis to monitor health and safety.

6.1.2 The meetings will consist of a cross section of staff from across the organisation including union representatives and will be chaired by the Group Health and Safety Lead. The purpose of these Groups is to facilitate joint participation in Health and Safety matters to enable management and staff to exchange views and to reach a better understanding on all matters and procedures related to Health and Safety Management System.

6.1.3 The remit of the Group is:

- To consider all Health and Safety matters on an operational, day-to-day basis;
- To study statistics and trends of incidents so that reports can be made to management on unsafe and unhealthy conditions and practices, together with recommendations for corrective action;
- To consider reports which management representatives or safety representatives may wish to submit; and
- To recommend visits/inspections of Group premises.

6.2 Health and Safety Strategy Meeting

6.2.1 The Group Health and Safety Strategy Meeting will meet on a quarterly basis following the Group Health and Safety Operations Meeting.

6.2.2 The Group's Health and Safety Strategy Meeting will consist of Directors / senior managers supported by technical personnel and will be chaired by the Director of Assets and Sustainability with the following remit:

- To consider the Wheatley Group Health and Safety Policy and associated management arrangements and procedures;
- To monitor the implementation of The Wheatley Group Health and Safety Policy and associated management arrangements and procedures;
- To review The Wheatley Group Health and Safety Policy to comply with new legislation and changes to the Group, and otherwise annually;
- To develop, manage and review the strategic health and safety risks experienced by the Group;
- To develop and implement the Group's Health and Safety Strategy;

- To review the management information in relation to accident and incident statistics including near misses to identify trends and establish action plans to address them;

- To review the outcomes of Health & Safety audit reports and monitor completion of audit actions. This will be on a quarterly basis and as and when required; and

- To review Health and Safety performance across the Group and report performance to Executive Team, Group and subsidiary boards. This will be on an annual basis or as and when required.

6.3 Assurance

6.3.1 A continuing process in the effective monitoring of the Group's Health and Safety management system ethos is the requirement that the performance of the Health and Safety Management System operated by the Group confirms effective statutory compliance and the continuing Health, Safety and Wellbeing of our staff.

6.3.2 Health and Safety Audits will be conducted by the Assurance Team and supplemented by external competent personnel as required. Outcomes of audits will be sent to the Chief Executive and detailed recommendations made. Once senior management has accepted the audit recommendations, an action plan with realistic targets will be developed in line with the Delivery Plan. The Group Health and Safety Strategy Group will monitor completion of audit actions. These actions will be followed up by the Group Assurance Team in conjunction with the Director of Group Assets and Sustainability and the Group Health and Safety Lead where required.

6.3.3 Trade Union safety management will be consulted as part of the audit. On completion of the action plan a copy of the Health and Safety Audit will be made available to the appropriate Trade Union safety representatives.

Section 7
Policy Review

7.1 This policy shall be reviewed every 2 years however regular reviews will be considered where, for example, there is a need to respond to new legislation/policy guidance. Reviews will consider legislative, performance standard, good practice and organisational changes.

7.1.1 The Group will publish this policy on our staff intranet site W.E. Connect and on our website. A hard copy is also available on request. Customers may also request a copy of the policy in other formats and community languages.

Section 8
Relationship to other policies

8.1 This policy should be read in conjunction with the following documents which can be found on the staff intranet W.E. Connect:

HR: Code of Conduct
Social Media Policy
Alcohol, Drugs and Gambling Addiction Policy
Unacceptable Actions Policy
Dignity at Work Policy
Harassment and Bullying at Work Policy

HS: All Group Health and Safety Policies

All Group Health and Safety Management Arrangements

Section 9
Document Control policies

Version	Date of Issue	Issued By	Authoriser	Comments
1.0	30th September 2018	Group Health and Safety Manager	Director of Group Assets	1st issue revised structure
1.1	01st December 2021	Group Health and Safety Lead	Director of Assets and Sustainability	Review Consideration of Group Restructure, operating model and update regarding Homeworking and Lone Working

Dunedin Canmore

Report

To: **Dunedin Canmore Housing Board**

By: **Stephen Devine, Director of Assets and Sustainability**

Approved by: **Tom Barclay, Group Director of Property and Development**

Subject: **Group dampness, mould and condensation policy**

Date of Meeting: **10 February 2022**

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1. Purpose

1.1 To provide the Board with details of the group-wide dampness, mould and condensation policy and procedure that were approved by the Wheatley Board at its December 2021 meeting.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework (GAF) and Intra-Group Agreement (IGA) the Wheatley Housing Group Board is responsible for approving Group Policies.

3. Risk appetite and assessment

3.1 Our risk appetite relating to Operating Model (Success)) is “Open” i.e. Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).

4. Background

4.1 Dealing with dampness, mould and condensation has always been, and will continue to be, a high priority for us and our customers. Typically, the number of properties where dampness or mould is reported by customers is between 2% and 4% each year.

4.2 Penetrating dampness caused by deteriorating fabric in our homes is the exception with most of the reported ‘dampness’ being condensation. However, we know that for customers, the cause is not material. As such, we are keen to continue developing our approach to dampness, mould and condensation including through learning from our current practice and from others.

5. Customer engagement

5.1 A range of mechanisms including information leaflets, discussions with staff and 'how to' videos are used currently to provide information and guidance on avoiding and addressing dampness, mould and condensation. The approach discussed in this paper would build on this through proactive engagement targeted at properties that are assessed as being at higher risk of dampness, mould and condensation.

6. Discussion

6.1 Our approach to addressing dampness, mould and condensation is predominantly reactive and, depending on the actual issue, includes applying anti-fungicidal 'washes', decoration, carrying out any necessary repairs and providing advice to the customer on heating and ventilation. While inadequate heating and ventilation is recognised as a significant issue, addressing it through information and advice leaflets alone is unlikely to have necessary impact because lifestyle factors and fuel poverty are often core to the issue.

6.2 The English Ombudsman recently published a report on the approach to dampness following an investigation involving 142 landlords across England with more than 500 responses to their call for evidence including discussions with residents and landlords. Recommendations from this report are grouped under 4 themes:

- From Reactive to Pro-active;
- From inferring blame to taking responsibility;
- From disrepair to claims resolution; and
- From complaints to a learning culture.

6.3 Details on the various recommendations within each theme are provided at Appendix 1, along with our assessment based on testing our current group approach and practice against each of the recommendations in a 'report card' format.

6.4 While not all recommendations are directly applicable to us given our operating context and approach, they do provide valuable learning and useful input in developing our approach. From examining the recommendations and our current practice, two overarching areas are identified:

- Having a dampness, mould and condensation policy and procedures that move from a reactive to more proactive approach; and
- Using data, including insight from actual customer demand, and technology to better understand what is happening in our homes and to inform our approaches.

6.5 Each of these is discussed in turn.

Dampness, mould and condensation policy and procedures

6.6 At present we do not have a documented policy or procedures specific to dampness, mould and condensation. Instead, these are included in our repairs policies and procedures and are embedded through our repairs and housing management delivery system. Having a specific Group policy and procedure that relates to us and other group RSLs would ensure a consistent approach; built around a shared view of best practice that can be refined and updated as required. To address this the policy at Appendix 2 and procedure at Appendix 3 have been developed and agreed by Wheatley Group Board.

6.7 The policy and procedures build on our current approach including through seeing condensation as a possible sign of wider issues especially fuel poverty, rather than something that simply needs repaired. In doing this, the policy majors on working with the customer to solve the problem rather than, as illustrated by the English Ombudsman findings, seeing this as something the customer is 'doing wrong'. Our fuel advisors are well placed to support customers in this area given the link to fuel poverty and the importance of heating and ventilating the home.

6.8 Our investment in the customer first centre including through the specialist housing team provide a means to assess the needs of customer for specific support to address condensation and dampness problems, and to tailor our approach. Examples of this, depending on customer need and circumstance could include:

- Providing information and advice using leaflets and video;
- Raising a repair to address the cause where necessary;
- Assigning to a fuel advisor who would engage with the customer more generally including on how to address the condensation problem; and
- Involving the housing officer where there are concerns and potential vulnerabilities.

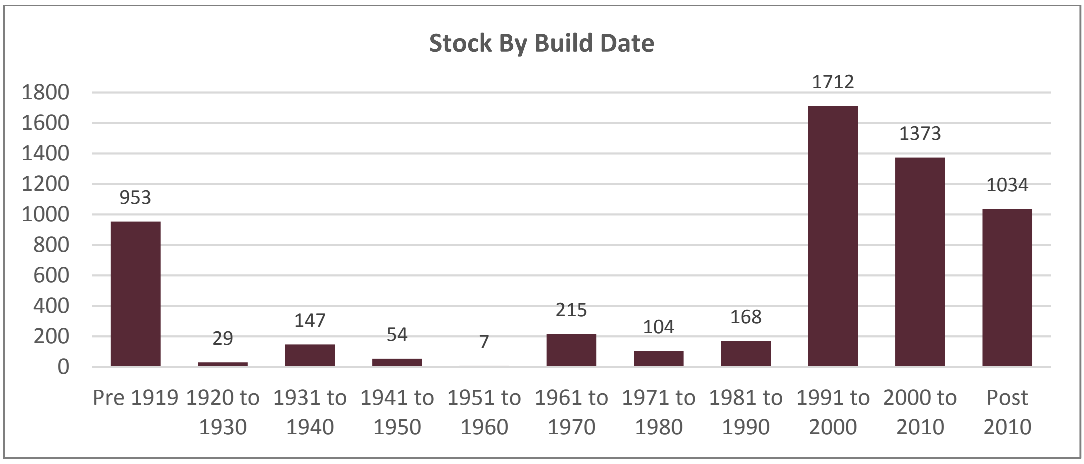
6.9 Such an approach fits well with the enhanced capability in the customer first centre including the importance we are placing on rectification at point of contact. With this, the customer first centre would 'own the condensation journey' including:

- deciding to deploy fuel advisors where the impact is likely to be greatest;
- raising necessary repairs;
- ensuring the issue is resolved to the customer's satisfaction;
- maintaining dialogue with the customer on how to minimise the chance of recurrence; and
- making sure that our approach to asset related investment is informed by customer demand relating to dampness, mould and condensation.

6.10 Further details are in the policy at Appendix 2 and procedure at Appendix 3.

Better use of data and technology

6.11 Details of our properties by year of construction are set out below.

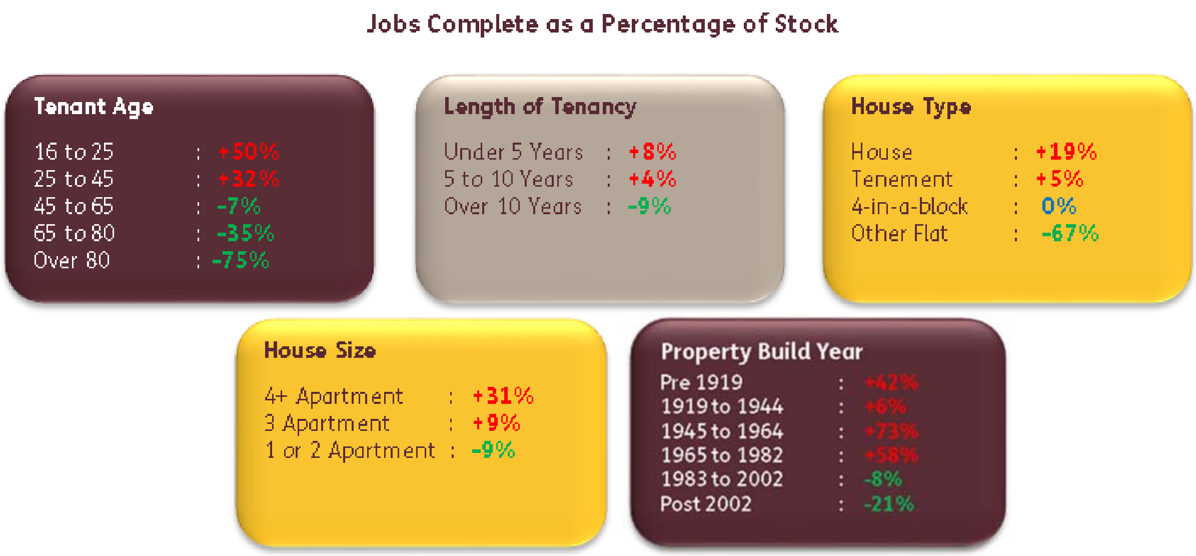


6.12 We want to begin understanding what other data tells us about what could be driving dampness, condensation and mould. To do this a review of reported dampness/mould repair requests has been carried out to identify any potential trends or patterns.

6.13 Key findings from the analysis includes that there is higher frequency:

- in older properties although it should be noted that the number of properties built between 1920 and 1990 is low and a relatively small number of repairs in these properties will show as a large impact;
- in houses and to a lesser degree tenements;
- in larger homes;
- when the tenant is under 45 years old; and
- in the earlier years of tenancy.

6.14 The diagram below provides a breakdown of information in key areas relating to the risk of dampness, mould and condensation, that supports the key findings above.



6.15 To provide a basis for prioritising proactive action, and as a start, as recommended in the English Ombudsman's report, to being more data led, a risk analysis has been performed for our stock. This assigns a risk category using the factors above. The diagram below sets this out for our stock. By way of illustration, each of the factors above are given a risk category and score depending on findings from the analysis above. For example, customers under 45 are assigned high probability (because we know from the analysis there is a higher propensity of repairs with customers in this age range), whereas ones over 65 are given a lower risk category. The various risk categories and scores are then aggregated to allow our properties/customers to be broken down based on highest to lowest likelihood of dampness, mould and condensation. This shows that approximately 10% of stock/customers are in a high or high/medium category when the various variables (customer age, length of tenancy, age of property and house size) are factored in.

Risk Score	4		5		6		7		8		9		10		11		12		Total	
Risk Group (groups)	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.	No.	%.
1. High															75	1%	11	0%	**86**	**2%**
2. High/Medium													460	8%					**460**	**8%**
3. Medium									1,108	20%	902	16%							**2,010**	**35%**
4. Medium/Low					935	17%	1,260	22%											**2,195**	**39%**
5. Low	312	6%	601	11%															**913**	**16%**

6.16 Using this analysis, it is proposed that an experiment is undertaken to test the effectiveness of proactively targeting properties/customers with high risk of condensation. Around 25 properties in the 'high high/medium risk category would be selected and humidity sensor and air quality technology would be installed. This would be used to collect results for 3 months and provide a baseline. After 3 months upgrading would be carried out to mechanical ventilation, and comprehensive support would be given to customers on best use of heating and ventilation. After a further 3 months, finding would be compared to the baseline to understand the impact of our approach. Depending on the results, an agree deployment strategy including investment priorities linked to risk would be developed.

7. Digital transformation alignment

7.1 Your Home, Your Community, Your Future includes a commitment to having a tailored repairs experience built around customer needs. The proposed dampness policy and the use of data and technology are part of how the repairs service will become more proactive and built around particular customer needs

8. Financial and value for money implications

8.1 Findings from the experiment above will be used to assess the impact of the proactive approach discussed and to inform future investment planning.

9. Legal, regulatory and charitable implications

9.1 There are no specific legal, regulatory or charitable implications associated with this report

10. Equalities implications

10.1 There are no equalities implications arising from this report.

11. Environmental and sustainability implications

11.1 Supporting our customer to heat their homes more effectively and the use of sensor technology is likely to help improve energy efficiency and reduce carbon emissions, although the impact from what is proposed in this paper has yet to be quantified. It is also likely that air quality measures in homes are likely to feature in revisions to EESSH2. Having a dampness policy in place, and monitoring air quality in homes should help position us for these future requirements.

12. Recommendation

12.1 The Board is asked to note the content of this report including the group dampness policy and procedures at Appendix 2 and 3 respectively.

List of Appendices

Appendix 1 – Review of recommendations from English Ombudsman's report
Appendix 2 – Draft dampness, mould and condensation policy
Appendix 3 – Draft dampness, mould and condensation procedure

Appendix 1 **Housing Ombudsman (England) Recommendations Review**

The report is sub categorised into 4 sections;

1. From Reactive to Pro-active (10 recommendations),
2. From inferring blame to taking responsibility (9 recommendations)
3. From disrepair to claims resolution (5 recommendations)
4. From complaints to a learning culture (2 recommendations)

Recomm.	Section	Response – group wide considerations
	From Reactive to Pro-active	
1 & 2	*Landlords should adopt a zero-tolerance approach to damp and mould interventions. Landlords should review their current strategy and consider whether their approach will achieve this.* *Landlords should consider whether they require an overall framework to address damp and mould which would cover each area where the landlord may be required to act. This would include any proactive interventions, its approach to diagnosis, actions it considers appropriate in different circumstances, effective communication and aftercare.*	Our approach to investment is driven by 'warm, dry homes', a fabric first approach. Our focus has been to optimise wind and watertight external fabric principally through external wall insulation, replacement of roof coverings and renewal of rainwater goods. All homes have double glazing and whole house heating as standard, with innovative solutions designed to make storage heating more affordable. Where internal improvements are carried out, e.g., kitchens, bathrooms, mechanical extraction fans are included. Our new build homes incorporate the latest technologies and building standards to ensure that they are both energy efficient and affordable. Skilled and dedicated inspection and operational teams assess and determine solutions where repairs are reported. Comprehensive guidance and training has been delivered for our frontline housing teams. We have also developed systems of information and support for customers via RSL websites.
3, 4 & 5	*Landlords should review the accessibility and use of their systems for reporting repairs and making complaints to 'find their silence'.* *Landlords should identify opportunities for extending the scope of their diagnosis within buildings, for example by examining neighbouring properties, to ensure the response early on is as effective as possible.* *Landlords should implement a data driven, risk-based approach with respect to damp and mould. This will reduce over reliance on residents to report issues, help landlords identify hidden issues and support landlords to anticipate and prioritise interventions before a complaint or disrepair claim is made.*	Customers can report repairs or lodge complaints via our Customer First Centre, 24hours a day, 365 days a year. We have a dedicated Customer Complaints Team who are the single point of contact for customers through a 'complaint journey'. We have comprehensive data in relation to repairs activity including the description of work reported and completed. We do not however proactively utilise this data to conduct targeted interventions or inspections. On average, year on year, 4% (circa 1,800 homes) of customers across all house types e.g., tenement, multi storey, 4-in-a-block, etc, report a repair for 'dampness or mould'. This proportion is fairly uniform across all house types. Targeted intervention is however being deployed in multi storey flats via the Connected Response system for electric storage heating. Whilst this is principally a measure to make this heating type more affordable, the consequential benefit of increased heating in homes will contribute to reducing the incidence of dampness and mould caused by condensation. Our standard specification for internal improvement works includes installation of mechanical extraction in both kitchens and bathrooms. Consideration should be given to further analysis of properties where repairs have been reported to establish if patterns exist, i.e., risk profiling; • Property type, Property age, Heating type, Investment status e.g. External Wall Insulation completed Y/N, Customer profile, Length of tenancy In terms of the Good Practice example from the Housing Ombudsman, the majority of our homes would be in the Low Risk classification, as is our current approach when a customer reports a repair of this type. Further analysis may offer the opportunity to undertake targeted 'campaigns' to provide customers with additional support and advice including Fuel and Money Advice.

Recomm.	Section	Response – group wide considerations
		We are currently reviewing and developing our approach which will incorporate initial visits from our team of Fuel Advisors to support customers who may be experiencing fuel poverty and also to provide advice to reduce the likelihood of condensation prior to any 'technical' solution being deployed.
6	*Where properties are identified for future disposal or are within an area marked for regeneration, landlords should proactively satisfy themselves that residents do not receive a poorer standard of service or lower living conditions, that steps are taken to avoid homes degrading to an unacceptable condition and that they regularly engage and communicate with these residents.*	Where applicable and properties have been identified for demolition we continue to offer a full repairs service.
7	*Landlords should avoid taking actions that solely place the onus on the resident. They should evaluate what mitigations they can put in place to support residents in cases where structural interventions are not appropriate and satisfy themselves they are taking all reasonable steps.* *Where the cause of damp and mould is non-structural it can be too simplistic to blame residents for drying their laundry on radiators if there is no space in their home for a tumble dryer or the weather is poor, other than those residents fortunate enough to have outdoor space. Occupancy factors do not mean that the landlord has no responsibility, and landlords should recognise that some homes were not designed with modern living in mind. Landlords should take reasonable steps in partnership with residents in these circumstances including considering improving ventilation or other appropriate measures.*	Following a customer report of mould or dampness our contractors technical staff will visit the property to diagnose the problem. Where structural/fabric works are identified i.e. missing roof tiles, leaking gutters etc which are causing penetrating dampness appropriate remedial work will be undertaken to resolve the issue. Where there are no structural issues and condensation is identified as the cause, the member staff will explain in summary what is required to combat the issue, e.g., ventilation, heating etc, and issue our condensation guidance leaflet to the customer. In addition to this where no mechanical ventilation (extractor fans) is fitted, this will be completed in the bathroom & kitchen, anti-fungicidal treatments will also be considered for any affected areas.
8	*Together with residents, landlords should review the information, materials and support provided to residents to ensure that these strike the right tone and are effective in helping residents to avoid damp and mould in their properties.*	We provide a range of advice via RSL websites, leaflets and self-help instructional videos. This has been developed in conjunction with customers through tenant panels.
9	*Landlords should be more transparent with residents involved in mutual exchanges and make the most of every opportunity to identify and address damp and mould, including visits and void periods.*	Detailed inspections are conducted at void stage and where dampness or mould issues are identified these are resolved during void works. Other elements will include installation or upgrading of mechanical ventilation.
10	*Landlords should ensure their strategy for delivering net zero carbon homes considers and plans for how they can identify and respond to potential unintended consequences around damp and mould.*	The extensive fabric improvement programme, particularly in the West of Scotland has been hugely successful in provide warm dry homes. A key component of the investment strategy was to ensure that mechanical ventilation was installed as standard, all windows have appropriate levels of trickle ventilation and that all properties have whole house heating systems. We are installing around 10,000 Connected Response heating improvement controls for electrically heated homes over the next 4 years. These homes often suffer from condensation and damp due to underheating as a result of 'self-disconnection' and cost. Firstly, by improving control and cost outcomes we expect improved heating and satisfaction,

Recomm.	Section	Response – group wide considerations
		however as an important part of the physical installation we are including temperature and humidity sensors which will be providing data every 15 minutes on the internal environment. We're building an 'exception alert report' whereby if humidity is above maximum parameters for an extended period of time it will send an alert to there is a condensation risk. This is a new pro-active approach to identifying where dampness is present. We can then provide wrap-around services to help the customer afford to heat adequately as well as address excessive humidity issues at source.
	From inferring blame to taking responsibility	
11	*Landlords should review, alongside residents, their initial response to reports of damp and mould to ensure they avoid automatically apportioning blame or using language that leaves residents feeling blamed*	Our current approach is in line with the best practice example highlighted by the Ombudsman. Our ongoing review of associated wrap around services including technical inspections and remediation, housing officer follow up and review and Fuels Advisor support will further enhance our approach.
12	*Landlords should consider their current approach to record keeping and satisfy themselves it is sufficiently accurate and robust. We would encourage landlords to go further and consider whether their record keeping systems and processes support a risk-based approach to damp and mould*	We have extensive sources of data and record keeping and utilise this data to inform investment decisions. Despite the relatively low levels of reported repairs for Dampness & Mould, it would be worthwhile to undertake a 'risk profile' of all stock to establish if patterns or prevalence exists either on a built form, geographic or customer profile basis.
13	*Landlords should ensure that their responses to reports of damp and mould are timely and reflect the urgency of the issue.* *Landlords should recognise that issues can have an ongoing detrimental impact on the health and well-being of the resident and should therefore be responded to in a timely manner. Landlords should consider appropriate timescales for their responses to reflect the urgency of the case and set these out clearly for residents so their expectations can be managed. In addition, landlords should ensure that any follow up appointments are booked for as soon as possible.*	From date of repair reported to completion of remedial works typically takes on average 13 working days. This includes initial inspection to determine extent and scope of any works through to completion by an appropriately qualified tradesperson. Our ongoing process review will further enhance this approach by formalising follow up visits/contacts with customers post completion to support customers with other contributory factors such as fuel poverty, improving ventilation etc.
14	*Landlords should review the number of missed appointments in relation to damp and mould cases and, depending on the outcome of any review, consider what steps may be required to reduce them*	We have a robust approach to managing no access with immediate follow up by how officers via 'Repairs Action required' daily reports.
15	*Landlords should ensure that their staff, whether in-house or contractors, have the ability to identify and report early signs of damp and mould.*	In terms of housing management staff this would previously formed part of the annual customer conversation, however due to current Covid regulations/restrictions physical visits in customers home are limited. Trades visiting properties to undertake repair work of any kind should be identifying and reporting any potential incidences of dampness or mould, however this would require to be tested.
16	*Landlords should take steps to identify and resolve any skills gaps they may have, ensuring their staff and contractors have appropriate expertise to properly diagnose and respond to reports of damp and mould. Having well-qualified,*	A comprehensive suite of training and guidance material has been deployed across the Housing Officer network. Our contractors are fully qualified to diagnose and assess appropriate remedial action.

Recomm.	Section	Response – group wide considerations
	experienced, customer-focused surveyors, technical staff and repairs managers willing and able to properly inspect and remedy issues was crucial to being able to identify root causes. We are aware some landlords have developed specialist teams for the diagnosis of, and remedial work to, damp and mould and others have directly employed surveyors to ensure they can swiftly respond to reports. Others have set up networks to share best practice, procedures, technical expertise and staff between organisations to overcome this problem. *Whilst accessing the right skills can be challenging, landlords should have appropriate plans in place to address any skills gaps.*	
17	*Landlords should ensure that they clearly and regularly communicate with their residents regarding actions taken or otherwise to resolve reports of damp and mould. Landlords should review and update any associated processes and policies accordingly.*	The detailed end to end process is fully outlined in our Staff Guidance in post completion visits and review.
18	*Landlords must ensure there is effective internal communication between their teams and departments, and ensure that one individual or team has overall responsibility for ensuring complaints or reports are resolved, including follow up or aftercare.*	The detailed end to end process is fully outlined in our Staff Guidance in post completion visits and review. This process should however be tested.
19	*Landlords should ensure that their complaints policy is effective and in line with the Complaint Handling Code, with clear compensation and redress guidance. Remedies should be commensurate to the distress and inconvenience caused to the resident, whilst recognising that each case is individual and should be considered on its own merits.*	We have a robust Group Wide Complaints policy managed by a dedicated Complaints Team, thus ensuring customers are kept up to date and complaints are resolved/escalated in line with our Group policy.
	From disrepair claims to resolution	
20	*Landlords need to ensure they can identify complex cases at an early stage and have a strategy for keeping residents informed and effective resolution.*	Where complex cases are identified we have a dedicated and appropriately qualified Repairs, Investment & Compliance Officer who will undertake detailed surveys and management any identified remedial works. Working in conjunction with the Housing Officer, customers will be kept up to date on progress on timescales for resolution.
21	*Landlords should identify where an independent, mutually agreed and suitably qualified surveyor should be used, share the outcomes of all surveys and inspections with residents to help them understand the findings and be clear on next steps. Landlords should then act on accepted survey recommendations in a timely manner.*	Typically, the required skillset exists within our existing RIC Team and repairs contractors. Where however more complex issues with associated solutions are identified specialists (both surveyors and contractors) will be employed to reach a resolution.

Recomm.	Section	Response – group wide considerations
22	*Where extensive works may be required, landlords should consider the individual circumstances of the household, including any vulnerabilities, and whether or not it is appropriate to move resident(s) out of their home at an early stage.*	We always endeavour to limit the need for decants and in most cases customers are reluctant to leave their own home, even for a short period. Decant would only be considered where we were unable to undertake work in a safe way ensuring that the home remains safe for occupancy when trades were not present. Where decant is required, Housing Officer will discuss all options with the affected customer, coordinating and arranging a move, ensuring that the impact is both minimised and is also for as short a period as possible.
23 & 24	*Landlords should promote the benefits of their complaints process and the Ombudsman to their residents as an appropriate and effective route to resolving disputes.* *Landlords should continue to use the complaints procedure when the pre-action protocol has commenced and until legal proceedings have been issued to maximise the opportunities to resolve disputes outside of court. Landlords should ensure their approach is consistent with our jurisdiction guidance and their legal and complaint teams work together effectively where an issue is being pursued through the complaints process and protocol.*	We have a robust Group Wide Complaints policy managed by a dedicated Complaints Team, thus ensuring customers are kept up to date and complaints are resolved/escalated in line with our Group policy. We have dedicated areas on each RSL website explaining how the process works in practice. Performance of handling complaints is also published on RSL websites
	From complaints to a learning culture	
25 & 26	*Landlords should consider how best to share learning from complaints and the positive impact of changes made as a result within the organisation and externally. Systems should allow the landlord to analyse their complaints data effectively and identify themes, trends and learning opportunities.* *Landlords should ensure they treat residents reporting damp and mould with respect and empathy. The distress and inconvenience experienced by residents in this area is some of the most profound we have seen, and this needs to be reflected in the tone and approach of the complaint handling.*	Whilst we have very robust processes to manage the dampness issue, including skilled staff, regular training, wrap around support, etc, consideration could also be given to; • developing and reinforcing learning in relation to empathy and customer advocacy. • Develop lessons learned/case reviews for dampness related issues

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Managing Dampness, Mould & Condensation

Policy

Contents

1. Purpose

1.1. Estimates in the UK are that between 10-50% of homes are affected by damp. Social Housing and low-income communities where there is often overcrowding, a lack of appropriate heating, ventilation and insulation, can experience a substantially higher proportion of damp and mould than the national average.

1.2. We want to ensure that our customers have warm, safe and healthy homes to live in. We have identified that some customers and parts of our stock portfolio can be more susceptible to condensation and possible damp related issues.

1.3. A more purposeful approach to the prevention, treatment and remediation of these issues will benefit our customers. Going forward our tools will include better data, improved reporting and identification of mould, condensation and dampness, end-to-end customer service with better joined up advice, guidance and support, and preventative technology systems.

2. Scope

2.1. The policy applies to Wheatley Group employees, contractors and stakeholders

3. Our Approach to Managing Dampness, Mould and Condensation

We commit to:

3.1. Provide and maintain a comfortable, warm and healthy home, free from damp, mould or disrepair for our customers.

3.2. Recognise that having mould issues in a home can be distressing for our customers and ensure we are supportive in our approach.

3.3. Work in partnership with residents to resolve and understand how to reduce condensation, damp and mould issues.

3.4. Make sure the fabric of our homes is protected from deterioration and damage resulting from, or contributing to, damp and mould.

3.5. Undertake responsive repairs to alleviate damp are carried out as quickly and efficiently as possible to minimise damage to the fabric, fixtures and fittings of the property.

3.6. Know our stock and the archetype of properties and components that have a higher likelihood to suffer from damp and mould.

3.7. Minimise the number and impact of complaints

3.8. Plan resources to respond to higher demand. For example, during the winter months.

3.9. Provide staff with the skills to identify and differentiate between signs of damp and condensation and understand the causes and remedies.

3.10. To support our customers in ways to reduce damp and condensation in their home and how to make positive changes.

3.11. To make best use of technology to help customers to best manage their homes and use technological insight to better understand cause and solutions.

3.12. To take account of the issues of damp and condensation when designing investment programmes, for example heating and ventilation.

3.13. To comply with all statutory and regulatory requirements and sector best practice.

4. Policy Background – Legislation and Statutory/Regulatory Requirements

- Housing (Scotland) Act 2014

- Scottish Housing Quality Standard (SHQS)

  Requirement on social landlords to ensure their tenants' homes:

  - are energy efficient, safe and secure
  - are not seriously damaged
  - have kitchens and bathrooms that are in good condition

- Energy Efficiency Standards in Social Housing (EESSH)

  The Energy Efficiency Standard for Social Housing (EESSH) aims to encourage landlords to improve the energy efficiency of social housing in Scotland. This supports the Scottish Government's vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland.

  The EESSH will contribute to the requirements of the Climate Change (Scotland) Act 2019, which sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, and 90% by 2040.

5. Procedure

5.1 Our process is set out within the accompanying procedure **'Managing Dampness, Mould & Condensation Procedure'**

6. Monitoring & Compliance

6.1 This Policy will be reviewed every two years and, as required by legislation, regulation or internal organisational change

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Managing Dampness, Mould & Condensation

Procedure

Contents

1. Purpose

1.1. To provide a Group wide procedure that will create a consistent approach to addressing cases of mould and condensation or dampness through to resolution and rectification of cause.

2. Scope

2.1. The procedure applies to Wheatley Group employees, contractors and stakeholders

3. Contributory Factors of Dampness, Mould & Condensation

3.1. **Fuel poverty**
It is recognised that fuel poverty is a major factor in cases of condensation which can lead to mould problems when customers are unable to afford to heat their home effectively.

3.2. **Cold Bridging**
Cold Bridging can be found in many areas including poorly installed cavity wall insulation for example. Where a gap occurs in the insulation this can cause areas to become colder, which would then be at risk of increased condensation.

3.3. **Blocked or broken ventilation**
This would include blocked solum or air bricks and broken window trickle vents

3.4. **Broken or no extractor fans**
Where possible, all kitchens, bathrooms and utility rooms should have a functioning extractor fan.

3.5. **Radiators**
Heating systems performance is not always at the standard required to prevent condensation. Radiators may be undersized for the room volume and can be located on internal walls creating colder external walls.

3.6. **Missing/damaged render or pointing on brickwork**
There could be various reasons for poor or broken pointing (i.e. the finish between bricks) on parts of a brick wall which may have created cold spots for condensation and penetrating damp. The same can also be true with damaged render systems

3.7. **Leaking guttering**
Guttering can, over time, corrode, warp or sag causing leaking joints. Lack of effective maintenance can result in blocked or chocked gutters and downpipes that can, through time, cause damage to the fabric of the building.

3.8. **Leaking roofs**
This could be caused by many things i.e. damaged or missing tiles, damaged flashing, roof vents or chimneys, blocked gutters or simply that the roof has is approach the end of its serviceable life.

3.9. **Unvented and condensing tumble dryers**
These can produce excessive amounts of water vapour in the property, encouraging condensation.

3.10. **Customer management of the home**
Excessive humidity within the home and the lack of adequate ventilation is the primary cause of condensation. Drying clothes on space heaters, cooking with lids off pans, and over-crowding all add to the moisture levels within a property.

3.11. **Rising damp**
Rising damp can occur where there is missing or ineffective damp proof course or where a high ground level breaches the damp proof course.

4. Four Main Categories of Dampness

4.1. **Penetrating dampness**
This type of dampness will only be found on external walls or, in the case of roof leaks, on ceilings. It only appears because of a defect in the structure of the home, such as missing pointing to the brickwork, missing roof tiles, loose flashing or leaking gutters. These defects then allow water to pass from the outside to the inner surfaces. Penetrating dampness is far more noticeable following a period of rainfall and will normally appear as a well-defined 'damp-patch' which looks and feels damp to the touch. "Tide marks" will be left, even in periods of dry weather.

4.2. **Defective plumbing**
Leaks from water and waste pipes, especially in bathrooms and kitchens, are relatively common. They can affect both external and internal walls and ceilings. The affected area looks and feels damp to the touch and stays damp whatever the weather conditions outside. An examination of the water and waste pipes in the kitchen and bathroom and the seals around the bath, shower and sinks will usually find the problem. In cases when leaks are not attended to, rot may become established in wooden joists and floor boards leading to a risk of collapse in severe cases.

Mould may be seen with this type of dampness and even fungi are not uncommon if the defects are not addressed.

4.3. **Rising dampness**
This is caused by water rising from the ground into the home. The water gets through or around a defective damp proof course (DPC) or passes through the natural brickwork if the property was built without a DPC. Rising damp will only affect basements and ground floor rooms. It will normally rise no more

than 36 inches above ground level (900mm) and usually leaves a ‘tide mark’ low down on the wall. You may also notice white salts on the affected areas.

Rising damp will be present all year round but is more noticeable in winter. If left untreated it may cause wall plaster to crumble and paper to lift in the affected area. Mould will rarely be seen where there is rising damp (and then only in the early stages). This is because rising dampness carries with it salts that prevent the growth of mould.

4.4. Condensation and mould growth

This is by far the most common enquiry we receive from customers which often leads to a repair request.

Condensation is caused by water vapour or moisture in the air, inside the dwelling, coming into contact with a colder surface, such as a window or wall. The drop in temperature causes water to form on the surface. This water may then soak into the wallpaper, paintwork or plasterwork. Mould spores are invisible to the naked eye but are in the air all around us all of the time and will quickly grow on surfaces where condensation has formed into a visible covering.

Condensation can be more prevalent during the colder months and we often experience a spike in customer demand during Autumn and Winter. A symptom of condensation is mould growth which is usually found in the corners of rooms, north facing walls and on or near windows. It is also found in areas of little air circulation such as behind wardrobes and beds, especially when they are pushed up against external walls. It also forms in bathrooms and kitchens as they are high moisture areas or in properties which are overcrowded.

All homes are affected by condensation at some point. Condensation and mould growth can happen because of cooking, washing and drying clothes indoors etc.   These all produce water vapour that can only be seen when tiny drops of water (condensation) appear on colder surfaces such as walls, windows, ceilings or mirrors and often unseen on clothing, shoes and furniture.

The amount of condensation in a home depends upon a number of things, most importantly-

- How much water vapour is produced in the course of living in a home
- How cold or warm the property is
- How much air circulation (ventilation)
- How well the property has been insulated.

Simply turning up the heating will not sort out the problem, this may only temporarily reduce condensation. All factors may need to be looked at to reduce the problem. The first sign of a problem is often water vapour condensing on windows and other cold surfaces, which then takes a long time to disappear. This allows the surfaces to become damp resulting in mould growing on these damp areas.

5. Procedure / Process

How to Manage a Report of Damp or Mould and Condensation

5.1. First contact

- Call received by Customer First Centre
- A service request will be sent to Fuel advisor team for condensation
- Fuel advisor to give tailored advice to alleviate condensation and provide energy savings
- Where lifestyle factors are not considered to be the only driver of condensation, the Fuel Advisor should request the assistance of a Repairs, Investment & Compliance Officer (RICO) to help conduct a full survey of the property.
- Fuel advisor to leave monitoring/remedial products with the customer, hydrometers, mini dehumidifiers and mould wash down sprays to be left with every customer, consideration also for top up voucher for customers struggling to heat homes
- Where required raise a line for antifungal wash down via Go Mobile
- Fuel advisor to update Astra and feedback to Housing Specialist Team leads
- Housing specialist team to contact customer after 28 day period to assess effectiveness, where issue remains unresolved escalate to Repairs Investment & Compliance Team (bullet 3 below)

5.2. Repeat contact

- Customer calls with follow up or repeat contact. Customer Service Advisor probes if this is a follow up to an ongoing open case or if the case had been closed. Open cases will be referred to the Fuel Advisor with all qualifying information.
- In event the customer wishes to escalate their case or identify that their case was closed in the last 6/12 months, and this has reoccurred or identify that new condensation/mould/dampness issues exist. The case will be qualified by Customer Service Advisor and passed to Housing Specialist Team

- Housing Specialist Team will triage call and collaborate with FA to identify if a follow up visit or a joint visit with a RICO would be more appropriate. Identifying if issues have worsened or if new areas affected and if technical inspection may be required. At this point of escalation a report should be created jointly with RICO and Fuel Advisor to record the assessment and identify actions to resolve.

- The HST will look to resolve any repeat or recurring contacts. The objective to minimize any dissatisfaction, should the customer identify that they are still dissatisfied and look to pursue a complaint this will be recorded and progressed in line with complaints policy.

Fuel advisor to leave monitoring/remedial products with the customer, hydrometers, mini dehumidifiers and mould wash down sprays to be left with every customer, consideration.

5.3. How to Manage a Report of Defective plumbing

- Call received by Customer First Centre

- Customer Service Adviser will assess the repair type following discussion with the customer

- Repair will be categorised as either Emergency (response within 24 hours but typically within 4 hours) where the leak cannot be contained and will likely cause significant damage or as an Appointment (up to 15 days based on customer requirements but typically within 3 days) where the customer confirms for example that there is a minor drip which can be contained

- Most repairs of this type are first time fix, however where a trades operative identifies additional works for example water staining on ceilings below a bathroom, water damage to kitchen fitments, a follow on technical inspection will be arranged to establish any further remedial works.

5.4. How to Manage a Report of Penetrating dampness & Rising dampness

- Call received by Customer First Centre

- Customer Service Adviser will assess the repair type following discussion with the customer

- Repair will be generally be categorised as Programmed and an appointment will be arranged for a technical inspector to visit the property to fully diagnose the issue

- Most repairs of this type are associated with either defective guttering/downpipes and/or missing or dislodged roof tiles

Following the technical inspection remedial works will be completed within 30 days where possible (typically within 14 days). In some instances where the work is more complex or specialist in nature, repair works cannot always be carried out as part of the responsive repairs service as they generally require more planning, resources and non-standard materials. For reasons of efficiency, major repairs and specialist works may be grouped together in a programme of works

6. Turning insight into action

As well as addressing reports of dampness, mould and condensation effectively, taking a proactive approach will also be key to success. Such an approach is made increasingly possible through the insight that can be gained from the extensive repairs and investment history we have for our properties and from the data that can be collected on the environment in homes using sensor technology. Where applicable we will deploy analysis and sensor technology to build understanding and to inform action including campaigns, staff resource deployment and property investment.

7. Monitoring and Review

This Procedure will be reviewed every two years as Standard
This procedure will be reviewed should legislation, Regulations or internal organisational change and amendments are required

Report

To: Dunedin Canmore Housing Board

By: Natalya Macholla, Managing Director of Customer Service

Approved by: Steven Henderson, Group Director of Finance

Subject: Customer First Centre update

Date of Meeting: 10 February 2022

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1. Purpose

1.1 To provide an update on the establishment of our Customer First Centre ("CFC") since its internal launch on 1 December 2021.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework and Group Authorise/Manage/Monitor Matrix, the Board is responsible for monitoring operational performance and implementing the Board's strategy. Delivering exceptional customer experience and progressing from excellent to outstanding service are stated themes and objectives, and the CFC is a key part of our vision for realising this.

3. Risk appetite and assessment

3.1 The Group's appetite relating to operating models and modernising of services is hungry i.e. eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

3.2 We mitigated the risk of introducing a new CFC model by consulting all tenants on our plans, receiving very strong support from tenants.

4. Background

4.1 Our commitment to exceptional customer experience is a key theme in our strategy. Our strategy is very clear that "*Providing exceptional customer experience is, and always will be, at the heart of everything we do. Our customers deserve the very best and through the life of this strategy, that is what we will deliver."*

4.2 Discussions with Boards across the Group as part of the development of our strategy highlighted that:

"Digital service delivery will be the norm, but we will ensure that no-one is left behind. We will prioritise the introduction of new service models in the first year of the strategy based on our experience of working during the pandemic, blending digital and face-to-face service whilst maintaining a strongly personalised approach."

4.3 The pandemic changed how we delivered services in a way that no-one could have predicted. Now, through listening to what our tenants have told us, our new proposals will bring many key improvements to our services. At the forefront of this is the creation of our new CFC which will mark one of the single biggest changes to our service model in the 10-year life of Wheatley.

4.4 Our new CFC model will also provide a solid foundation for us to build the great repairs service we have outlined in our strategy. We are clear that we want a service that delivers on customer priorities and demonstrates value for money. We want the service to be increasingly tailored to meet the needs and expectations of different customer groups and we want it to be built on the principle that we will honour our commitments and fix things quickly when they do not go to plan. All of these are principles by which our CFC and our new way of working is built.

5. Customer engagement

5.1 Our strategy has a very clear focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers. Our recent consultation with customers – '*Our new future – bringing it home to you',* set out proposals for the CFC to be a key part of our new operating model. Over 5,000 tenants provided their views, with overwhelming support for the proposals.

5.2 The continual evolution and development of our CFC model is dependent on the feedback from our customers and staff on usability and customer experience. Already our CFC staff have been partnering with our Digital team and our Stronger Voices Team to carry out customer usability testing to improve the customer experience across our online processes and transactions.

5.3 We are also working to develop a real-time customer feedback tool which will enable us to obtain instant feedback from customers across core customer journeys, including their experience of using the CFC. This will provide us with feedback that allows us to continually develop and enhance our CFC offering to continue to meet the needs of our customers.

5.4 In order to deliver our customer feedback approach we have contracted with Upland Software ('Upland') who specialise in real-time customer feedback technology. In December, we signed a three-year contract with Upland to deliver both a customer and employee voice solution. This will see us obtain real-time customer feedback across our core business areas and customer touchpoints. In addition to the customer voice, we will also use the technology to obtain employee feedback ensuring that we can undertake regular temperature checks on how our staff are feeling in our new way of working.

6. Discussion

<u>Launching our Customer First Centre</u>

6.1 The CFC launched its new service on Wednesday 1 December. This was a 'soft' launch internally within the Group. The CFC delivers a 24-hours a day, seven days a week model which will deal quickly and efficiently with customer enquiries at the first time of asking.

6.2 The new CFC will offer a personalised service and is where our customers will find all of the advice and support they need and in the one place. It will:

- be open 365 days a year, 24/7;
- have highly trained and experienced housing professionals on hand to deal with routine enquiries such as registering for MyHousing, booking repairs and making appointments for wraparound services;
- use technology to allow customers to be in touch by whatever means they prefer, at a time that suits them – by phone, social media, text or web-chat;
- be the most efficient way for customers to get day-to-day problems solved and questions answered quickly; and
- and free up community-based Housing Officers to spend more time in our communities, including supporting the most vulnerable face-to-face.

6.3 We want our customers to have an excellent experience when they draw down services, transact, receive information or engage with us on any level, on any matter, at any time. To embed this in our culture we have been running a series of workshops and briefing sessions with staff to talk to them about our new CFC model and how it will support our business and customer values.

6.4 The soft launch on 1 December has given us the opportunity to test the robustness and effectiveness of our new systems and practices before the more formal customer launch of the service.

Measures of Success

6.5 We have developed a suite of draft performance measures to assess the effectiveness of the new CFC model. These are listed below. The measures will be continually reviewed and monitored as the CFC model develops to ensure that these remain current and comparable with other sectors.

6.6 It is recognised that the CFC marks one of the single, biggest changes to our service model in the 10-year history of Wheatley. Our new measures are ambitious and reflect our want to deliver outstanding services to our customers and, importantly, a service that provides choice and which is underpinned by some key important principles; personalisation, ownership, commitment, customer-centric behaviour and digitalisation. It is these principles that we have aimed to build into and evidence in our performance framework.

6.7 As part of our development of our new measures, we have taken time to review how these are calculated and monitored. This has seen the introduction of more intricate day-to-day, real-time reporting and a move away from average calculations to measures based on daily actuals across a number of time intervals. This will make comparison with previous reporting challenging but provide us with a solid foundation to build from as we continue to develop our CFC model.

6.8 As we continue to develop our new performance management framework, it is recognised that some of these measures will take time, over the early months of the CFC operating, to reach the optimum level due to the high level of change we are managing. At the time of writing this report, some examples of the measures being considered are noted below:

Area	Measure	Target
Phone System and Service (CISCO)	Percentage of calls answered within 30 seconds (core hours and out of hours)	80%
	Percentage and number of calls abandoned	<7%
	Percentage of CFC calls from staff	<2%
CFC Core Measures	Percentage first contact resolution by Customer Service Advisor	>65%
	Percentage of calls passed to Housing/Commercial Specialist Teams	<25%
	Percentage of repairs calls diagnosed as: i. emergency ii. next day appointments	Baseline to be established
Email and Cases	Percentage of responses to email within customer commitment	2 days
	Average calendar days to resolve a case from the point of the customer's call	2 days
	Keeping our promises – on emails and cases: i. number of cases breaching timescales ii. median days late	Value
Supporting Housing and Lowther staff	Percentage of repairs raised by Housing and Lowther staff	10%
	Percentage of CFC cases raised that are passed to Housing and Lowther staff for resolution	<10%
	ASTRA job queue – number and weekly trend (+/-)	Trend
Core Demand Measures	Total weekly calls from Lowther customers	<1,000
	RSL percentage calls raised for: i. Repairs ii. Allocations iii. Payments	Baseline to be established

6.9 The CFC has been operational for nine weeks at the time of writing, but already there are positive signs of its impact. In this time, the CFC has handled over 115k calls and through the combined efforts of the Customer Service Advisors and Specialist Teams achieved a first contact resolution level of 94%. Call abandonment levels have reduced from almost 13% in November to approximately 8% in our first nine weeks of operating and are showing encouraging signs as we align resources with our new way of working.

6.10 Given our focus on first contact resolution, we are seeing noticeably higher handle times when compared to our previous model. However, we are trialling different approaches with our Specialist Teams to ensure that we are optimising ready time to ensure that we continue to answer calls quicker than ever before. We are also reviewing a number of areas where higher handle times are evident to ensure that we are providing solutions for staff which lead to a quicker route to a resolution.

Investing in our Staff

6.11 As part of the creation of the CFC, we have been delivering a suite of training to our CFC staff. The training has consisted of a full set of refresher training on our core business pillars (repairs, allocations, payments, etc.) as well as a programme of Customer Service Excellence training that focusses on the guiding principles that underpin our new model:

- **Personalisation:** delivering high quality outcomes for our customers and colleagues, reflecting customer's particular circumstances, across a range of channels and at times which suit out customers. Focus on bringing us closer to our customers than ever before.
- **Ownership:** focus on staff feeling empowered to make decisions in order to support our ambitious plans of achieving a 90% resolution by the CFC, with the remaining 10% being resolved in our communities and face-to-face with our customers.
- **Commitment:** focus on honouring the promises we make to our customers and taking responsibility for resolving issues raised by customers.
- **Behaviours:** reinforcing to staff that the delivery of outstanding customer-centre behaviours is key. A focus on making interactions with customers seamless, reacting quickly when things do not go to plan and working hard to ensure that all customers have a positive experience when engaging with Wheatley.
- **Digitalisation:** providing staff with an introduction to our digital ambitions. Reinforcing the message that we will focus on developing online services and implementing new technologies that add value to the customer and empower them to self-serve, whilst continuing to provide a personal, easy-to-use and trusted service that sustains positive relationships with our customers.

6.12 Given the extent of change in our model we will continue to review our training for CFC staff to ensure that they are well-equipped to continue to deliver outstanding services as our strategy and business continues to evolve.

7. Digital transformation alignment

7.1 Our Group strategy sets a clear direction and is underpinned by digital transformation. The CFC is incorporated across more than one of the seven core work streams outlined in our digital strategy. We are already reviewing our programme assumptions for the remainder of this year and into 2022/23 to take account of the new CFC. It will be critical to align IT work with the aims and ambitions of the new CFC model, and we are considering bringing the housing services and repairs work streams together under this theme for next year.

8. Financial and value for money implications

8.1 The changes to the Customer First Centre are incorporated in the current financial projections envelope and future costs will be reflected to updated business plans across the Group and as presented in February 2022.

9. Legal, regulatory and charitable implications

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

10. Equalities implications

10.1 There are no equalities implications associated directly with this report.

11. Environmental and sustainability implications

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

12. Recommendation

12.1 The Board is asked to note the progress to date in establishing our Customer First Centre.

Report

To:	**Dunedin Canmore Housing Board**
Report by:	**Hazel Young, Managing Director**
Approved by:	**Steven Henderson, Group Director of Finance**
Subject:	**Performance report**
Date of Meeting:	**10 February 2022**

1. Purpose

1.1 This report presents the Board with an update on performance delivering the targets in the performance framework and strategic projects for 2021/22 as of the end of quarter 3.

1.2 Dashboards with the measures for the five themes are attached as Appendix 1. A summary of progress delivering the strategic projects is presented in Appendix 2.

2. Authorising and strategic context

2.1 Under the terms of the Authorising Framework, the Board is responsible for setting the overall performance framework and approving the delivery plan for each year. Under the Authorise/Manage/Monitor Matrix, the Board has an ongoing role monitoring performance against the key indicators agreed under the performance framework.

2.2 Under the terms of the Intra-Group Agreement between us and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the Board is responsible for approving regulatory returns including the Charter. It is also responsible for monitoring of performance against agreed targets.

3. Risk appetite and assessment

3.1 The agreed Wheatley Group risk appetite in relation to board governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

4. Background

4.1 The Board agreed the Strategy for 2021 to 2026, ***Your Home, Your Community, Your Future***, in February 2021. At the same time, the Board also agreed the supporting Performance Framework, setting out the measures, targets and reporting arrangements that provide performance management and oversight of delivery for Boards and management.

4.2 This report outlines our performance against the Delivery Plan 2021/22, as at the end of quarter 3, with actions and updates where appropriate. Our key indicators that will be reported to the Scottish Housing Regulator as part of the Annual Return on the Charter are included within this report.

5. Customer engagement

5.1 We presented a summary of the validated 2020/21 performance against our key Charter measures to the Tenant Scrutiny Panel in October, along with a comparison with the national average and an update on performance in the first part of 2021/22.

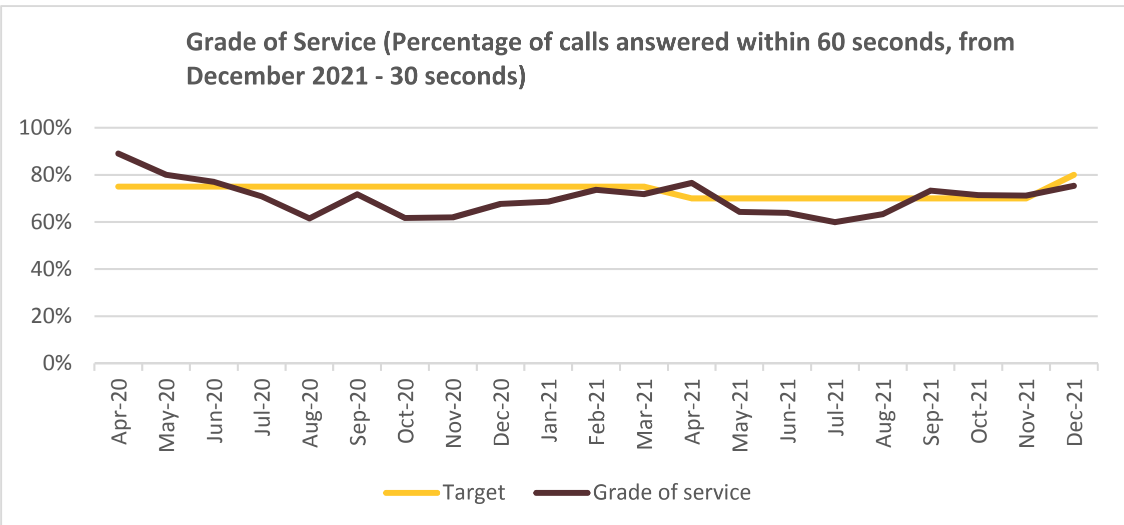
5.2 We also consulted the Tenant Scrutiny Panel on the new customer value approach that underpins the current Performance Framework. As noted previously to the Board, we are working with a provider to implement a suitable platform to gather more frequent customer feedback on the five customer service areas identified as part of the customer value approach: repairs, anti-social behaviour, environmental services, complaints handling and housing allocations. The first phase will allow us to capture feedback about repairs services.

6. Discussion

Delivering Exceptional Customer Experience

Customer First Centre - Grade of Service

6.1 In the year to the end of December, the Group answered 69.2% of calls within target. To the end of November, the target was 70% of calls within 60 seconds and from the 1st of December, 80% of calls within 30 seconds.



6.2 As part of the creation of the Customer First Centre, work has been underway across Group to deliver a first contact resolution and outstanding customer experience across all our customer interactions. A centralised resource for customer contact will reduce resource pressure in other areas of the business, while providing a personalised service to our customers and one which is centred on honouring our commitments and taking ownership for our customer interactions.

Repairs Satisfaction

6.3 This rolling twelve-month Charter satisfaction measure continues to be based on a very small census size. This measure covers a rolling twelve-month period, and the current volume of surveys reflects the restricted service delivered during the pandemic. We received 142 completed surveys in the last 12 months, with 85.5% of customers satisfied.

RSL	2021/22 Target	Current Value
Dunedin Canmore	87%	85.5%

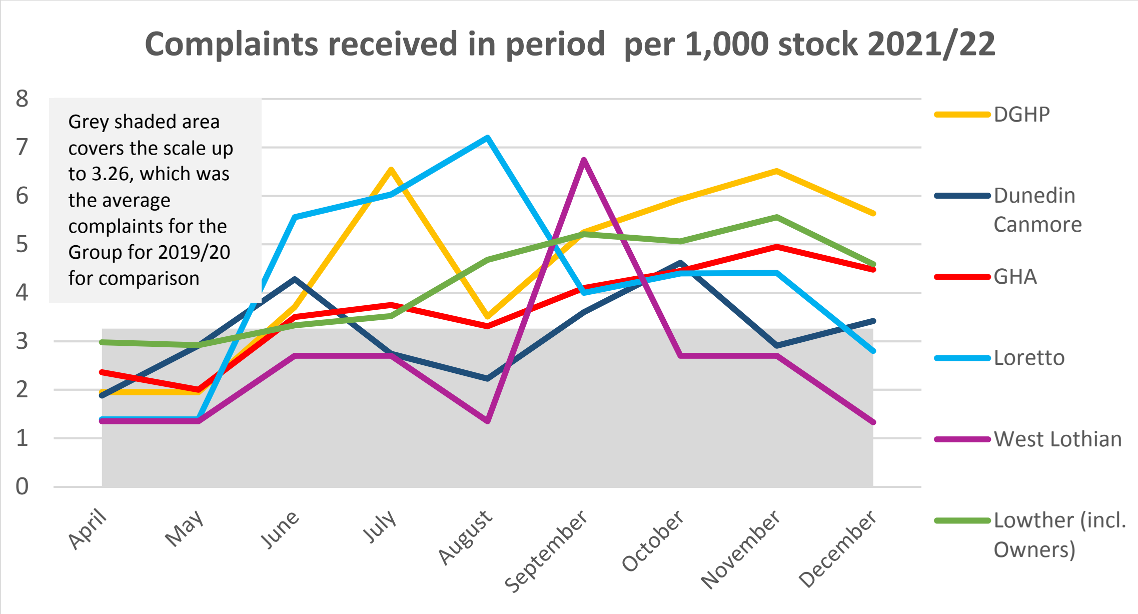
Tenancy Sustainment

6.4 The percentage of new tenancies sustained for more than a year, a Charter measure, is currently 93.4% and above the 90% target. We also measure sustainment excluding deaths and transfers within Group. Following a slight decrease earlier this year (a pattern for all Wheatley Group RSLs), our tenancy sustainment has shown improvement since the last quarter when it was 94.13%.

RSL Tenancy Sustainment	Charter	Excl. deceased / transfers
Dunedin Canmore	93.40%	95.47%
Group	90.59%	92.38%

Complaints Handling

6.5 The number of complaints we have received has increased just slightly since the start of the year, as to be expected when services remobilised. We received 168 complaints in the year to date. The number of complaints received in-month per 1,000 stock is favourable when compared to other Group RSLs. We responded to stage 1 complaints in an average of 3.79 days and Stage 2 complaints in an average of 19.59 days in the year to date. This is within target.



6.6 We have also committed to meeting the Scottish Public Service Ombudsman ("SPSO") guidance on handling complaints efficiently, responding within 5 working days for stage 1 complaints and within 20 working days for those complaints that are stage 2. We present the year to the end of December results in the following table.

Percentage of complaints Responded to in SPSO timescales	Stage 1		Stage 2	
	Complaints closed	Percentage responded to within 5 working days	Complaints closed	Percentage responded to within 20 working days
Dunedin Canmore	146	93.2%	11	81.8%

Making the Most of Our Homes and Assets

<u>New Build Programme</u>

6.7 The Group aim is to deliver 5,500 new homes over the course of the strategy and we have a target of delivering 79 units in year one. We currently have one project on-site with 37 handovers completed in the year to date ahead of schedule. The following table shows the variance against targeted progress.

Current Projects	Handovers	Target	Variance	Comment
South Gilmerton	0	42	-42	24 units due to complete in Jan 2022 and final 18 units due to complete in March 2022.
New Mills Road	27	0	27	New Mills Road completed in November ahead of February 2022 target
Longniddry	10	0	10	Longniddry completed in November ahead of January 2022 target
Totals	37	42	-5	

6.8 Our new build completions are below target due to industry-wide delays with materials. Twenty units are due to be handed over between January and March at South Gilmerton in this quarter and were delayed due to material shortages (particularly timber frames and flooring).

Planned to Reactive Repairs Spending

6.9 We set a Strategic Result to achieve a ratio of planned to reactive repairs spend of 60% to 40%. Spend figures are subject to investment programme profiling throughout the year. The ratio for us at the end of December, is 58.3% and the ratio of planned spend has improved since Q2 when it was 53.6%.

Percentage Spend 2021/22	Planned	Reactive
Dunedin Canmore	58.3%	41.7%
Group total	**62.3%**	**37.7%**

Volume of Emergency Repairs

6.10 The table below shows our position against the Strategic Result to reduce the volume of emergency repairs by 10% by 2026 compared to the baseline year of 2019/20. All emergency repairs volumes for Group RSLs are above the 2019/20 levels due to the Scottish Government restrictions that were in place, and our focus on delivering emergency repairs in the early part of 2021/22.

Completed emergency repairs YTD (end December)	YTD 2019/20	YTD 2021/22	Variance
Dunedin Canmore	4,632	5,734	24%
Group	**64,763**	**70,925**	**9.51%**

Repairs Timescales and Right First Time

6.11 The average time taken to complete emergency and non-emergency repairs is detailed in the table below. The high numbers of repairs completed following the end of Scottish Government Covid restrictions at the beginning of summer and consequent material shortages meant that the average time to complete both emergency and non-emergency repairs has been higher than our targets.

6.12 Demand continues to be high for the repairs service, with some more complex jobs coming through and levels of emergency call-outs higher than before the pandemic. This increased demand has put pressure on resource levels, which, combined with shortages of some materials, has led to our response times exceeding target.

6.13 Labour resource is the main issue for us, we have been using sub-contractor resource and agency support where possible, however all repair contractors are in a similar position to ourselves in terms of resource. We are recruiting additional joiners and operatives this month and hope that this addition to our labour pool will assist in reducing the response times.

Time to deliver repairs (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Current Value	Target	Current Value
Dunedin Canmore	3.00	3.16	5.50	6.20

6.14 Increased demand and Covid/self-isolation impacts on labour resource have led to a delay in completing some non-emergency repairs and our ability to make sure repairs are done right first time (as this measure includes a time element). As noted in the sections above, we have made substantial progress addressing the high demand for repairs. Emergency timescales have improved since quarter 2 and we hope to see improvement in these reported measures of performance during quarter 4.

Percentage of repairs right first time (Charter)	2019/20	2021/22 YTD	Target
Dunedin Canmore	96.8%	94.3%	95.0%

Medical Adaptations

6.15 Since April, we have completed 99 adaptations in total. There are now three households waiting. We continue to receive higher numbers of referrals than usual as occupational therapy services have resumed.

6.16 The average time to complete adaptations has increased slightly from 9 days in quarter 2 to 10.2 days in quarter 3, however we are below targeted time. The table below shows the number of households waiting, completions and the average time to complete adaptations for us compared to the Group average.

Medical Adaptations	Current Households Waiting	Number Completed YTD	Average Days to Complete		Target
Dunedin Canmore	3	99	10.15 days		35
Group	**147**	**1,831**	**47.94 days**		**35**

Gas Safety

6.17 We continue to be in a 100% compliant position for gas safety. Current figures against the rolling 12-month Charter indicator have now returned to zero following reported expiries during last year due to the pandemic and restrictions.

Changing Lives and Communities

Peaceful Neighbourhoods

6.18 The Group five-year strategic target is 70% of our tenancies are classed as "peaceful". The percentage of tenancies categorised as peaceful has reduced slightly since the summer, moving from 69.5% (62,334) in September to 68.3% at the end of December. Our CIP Police Information and Intelligence Team has identified the top repeat locations for all types of anti-social behaviour across the Group. There are 25 problem location work packages currently allocated to CIP officers for action, down from 37 in quarter 3. Our CIP Police Team focuses on working with the top repeat perpetrators, which the team believes has the biggest impact on the percentage of tenancies classified as peaceful.

Percentage of Wheatley Group tenancies classified as (year to date average):	2020/21		YTD 2021/22	
	Number	Percentage	Number	Percentage
Safe	6,529	7.3%	8,397	9.4%
Calm	20,931	23.3%	19,007	21.2%
Peaceful	62,279	69.4%	62,334	69.5%

Accidental Dwelling Fires

6.19 As part of the Group's RSLs, we set a Strategic Result to reduce Group RSL accidental dwelling fires by 10% against the baseline of a total of 215 fires in 2020/21 (see the following table). We reported 2 accidental dwelling fires in quarter 3 and eight in the year to date, all but one recorded as minor incidents.

Number of recorded accidental dwelling fires	2020/21				2021/22		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Dunedin Canmore	5	0	0	4	3	3	2
Group Strategic Result	**215**				**133**		
Upper limit this year to achieve strategic result					**210**		

6.20 To achieve this Strategic Result, we ensure that 100% of relevant properties have a current fire risk assessment in place. Fire Risk Assessments are in place at all relevant properties including housing with multiple occupancy (HMOs).

6.21 We have also implemented a programme to assess non-relevant properties (Retirement Complexes) that are not currently mandated by legislation. This programme was due to commence in April 2020. However, due to the restrictions imposed by the pandemic lockdowns, the programme was delayed until October 2020. The Group Fire Safety Team is increasing its quarterly outputs over the next three months to reach our target of 100% by end of financial year 2021/22.

Measure	YTD Position	2021/22 Year End Target
The percentage of non-relevant premises that have a current fire risk assessment in place according to risk profile (three-year programme to implement began in October 2020)	66.3% (118)	100%*
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

*Target revised in-year from 66% to reflect aim of having all FRAs completed by end of March 2022 rather than March 2023 as originally planned.

Reducing Homelessness

6.22 We made 66.2% relevant lets to homeless applicants in the year to date, which is above the 50% target. "Relevant lets" excludes mutual exchange, and transfers. The Charter measure includes these.

6.23 We have let 145 homes to homeless applicants this year and continue to be on track to deliver 226 by year end to contribute to the Group's Strategic Result of 10,000 households over the next five years.

Percentage of Lets to Homeless Applicants	Relevant lets only				Charter	
	2020/21	December in-month	2021/22 YTD	Target	2020/21	2021/22 YTD
Dunedin Canmore	72.80%	66.70%	66.20%	50%	61.60%	54.70%

Developing our Shared Capability

Sickness Absence

6.24 We lost 3.43% of working time due to staff sickness absence in the year to end of December, compared to last quarter's figure of 3.37% and the target of 3%.

6.25 The top two reasons for absence across the Group in December are stress/anxiety and minor illness. We are continuing to offer enhanced support through various wellbeing and learning programmes and will work closely with our occupational health provider and qualified therapists to ensure we have the maximum support mechanisms in place.

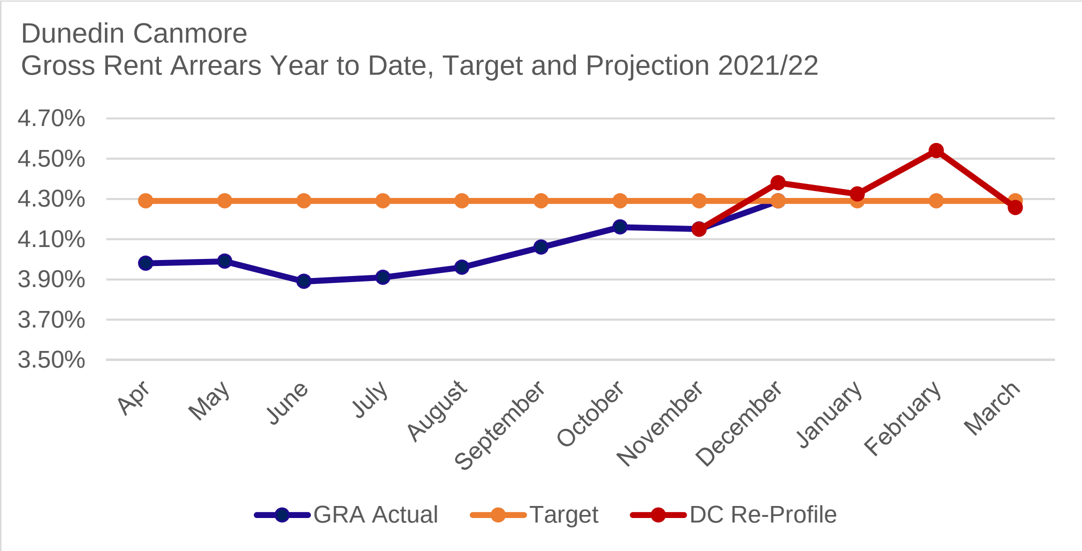
Enabling our Ambitions

Gross Rent Arrears

6.26 Our aim is to reduce arrears down to 4% by 2026. At the end of quarter 3, our gross rent arrears are 4.29% against our current target of 4.29%. This is an increase from the 4.17% we reported at this time last year.

Gross Rent Arrears	Current performance	Annual target	Previous period
DC	4.29%	4.29%	4.15%
Group RSL average	**4.92%**	**5.03%**	**4.89%**

6.27 The following chart illustrates gross rent arrears in the year to date, compared to the target and our projection for the remainder of the year.



6.28 Key challenges for arrears reduction include:

- Customers receiving first payment of universal credit including housing costs and neglecting to pay their rent with this payment;
- Manual payments not being made timeously; and
- Customers in receipt of Universal Credit having worked extra hours on the run up to the Christmas period.

6.29 The actions we are taking to manage arrears include:

- Early intervention from housing officer at verification stage of universal credit. We can use data from our universal credit portal and utilise this as a prompt for housing officers to contact customers before they receive their first payment as well as identify any additional wrap around support requirements and discuss expected payment plan (EPP);
- We benefit from a part-time seconded revenues officer from CEC who works closely with the housing team and welfare benefit advisors. Bi-weekly surgeries are now in place to discuss complex cases;
- Working toward our strategic aim to transition customers onto more convenient and automated methods of payment continues to be a key focus to reduce missed or late payments; and
- The Tenant Grant Funds are now open across our local authorities, housing officers have identified eligible customers and are now actively making applications on behalf of the customer.

6.30 There has been an increase of 59 new universal credit claims in quarter 2, taking our overall total of customers in receipt of Universal Credit to1229.

Average Days to Re-Let

6.31 Our target is to achieve average days to re-let a home of 20 days, and to reduce this to 19.9 days by the end of this financial year. We aim to be under 20.0 days at year-end so that we are in a recovered position post-pandemic to achieve the strategic target of less than 14.0 days in year two of the Strategy.

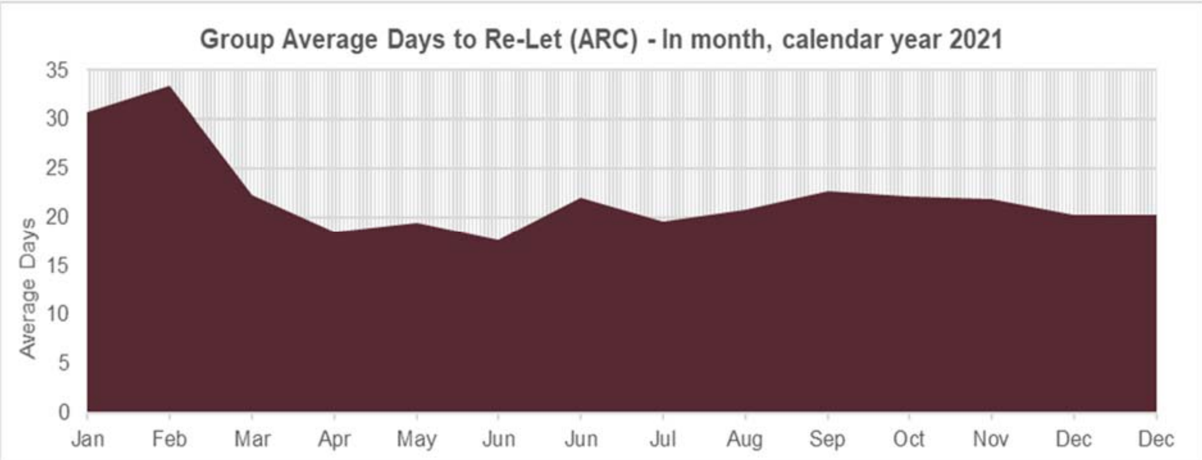
6.32 The year-to-date average position is 17.67 days and is a slight increase from 16.71 days reported last quarter. This remains within our current quarter's target of 20 days. Despite our expectation of increased time to turnaround and re-let homes at this point in the year due to the impact of material shortages, we are performing well against the current target.

6.33 The current turnover rate is 8.62% compared to a target of 7.3%. We believe this is due to a higher give-up rate as the market picks up and people resume plans that were put on hold during the last 18 months. We are making more lets than the give-up rate and reviewing our longer-term voids to ensure that this turnover rate does not increase.

6.34 The 2020/21 Charter results show the impact of the pandemic on letting times last year, with the Scottish average at 56.3 days in 2020/21 compared to 31.5 days in 2019/20. Despite our increased time, we surpassed these targets last year and are still well below the average despite the ongoing impact of the pandemic.

Average days to re-let (Charter)	In month December	Current YTD	Target Q3	2020/21 Results
Dunedin Canmore	21.05	17.67	20	52.6
Group	20.24	20.62	20	40.87

6.35 The following chart shows the in-month Group average days to let this year to date and last year for context.



Summary of Strategic Project Delivery

6.36 The full list of our strategic projects is attached to this report as Appendix 2. Out of the strategic projects we are delivering during 2021/22, the following two projects have been completed since our last report:

- Wheatley Green Investment Plan; and
- Strategic governance review.

6.37 There are 3 four projects on track, four projects are slipping against the milestones and one project is overdue.

6.38 A separate agenda item provides an update on:

- Restructure funding syndicate –due to have completed by 31 December 2021.

6.39 Projects that are slipping against current milestones are:

- Develop a Wheatley Whole Family approach – project was due to complete by 31 March 2022. This project is now expected to complete in April 2022.

It is proposed that the milestones are changed to reflect this new completion date.

- Develop new RSL online services model – originally due to complete by 31 March 2022 it is now anticipated that the project will be moved to 2022/23. This project is being reviewed by our Assurance Team as part of the internal review currently underway. Project being reviewed for timing and relevance given the introduction of the Customer First Centre and the work of the New Business Model Steering Group.
- Review Group Fire Prevention & Mitigation Framework including digital solutions – project is due by 31 March with 2 milestones currently overdue. The Fire Prevention and Mitigation Framework has been reviewed and approved in May 2021 to take account of Group Fire Safety approach during the next 5 years in line with the Group Strategy. Group Fire Safety Team have developed our own Home Fire Safety Visit process (Intervention Resource Request) that is currently being implemented. SFRS Safe and Well remains a concept and will be reviewed by Group Fire Safety Team when launched by SFRS. Note: SFRS is unlikely to launch its safe and well model in near future. Milestone 5 - Recommendations raised from FRA recorded electronically and tracked in PIMSS – FRA documents uploaded and recorded in PIMSS against Asset no.
- Establish digital maturity approach and assessments – project is due by 28 February 2022. One milestone is overdue with ET update and feedback planned for early Feb 2022.

Conclusion

6.40 Quarter 3 has seen a continuation of the effects of the pandemic on our operational delivery and, in some instances, the expected impact has been greater than we anticipated. For example, we are seeing average days to let increasing slightly, however this still remains well within target. Despite the continuing challenges posed for areas of our business, there are areas of emerging stronger performance. Repairs continue to perform well under challenging service delivery circumstances.

6.41 Our efforts across the Group services in quarter 4 will be crucial to determine whether we end the year in a stronger, more recovered position despite the challenges of the last two years. Our project delivery aims to introduce many of the new ways of working that our Strategy is built on. As a Group we are building a more digital, more customer-focused and more efficient business, that will be prepared to deliver both our Strategy and improved performance results in 2022/23. Key areas of focus as we continue into 2022 will be the continued support of customers who may be experiencing additional financial hardship and to manage our arrears, continued focus on letting properties and supporting our contribution to reducing homelessness, and delivery of safe and high-quality repairs and care services to our customers.

7. Digital transformation alignment

7.1 There are no digital transformation themes aligned to the content of this report.

8. Financial and value for money implications

8.1 The measures and projects included in this report were agreed as the Performance Framework and Delivery Plan for 2021/22. Both documents focus service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

8.2 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 monthly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year. We reported to tenants by the end of October deadline.

10. Equality implications

10.1 There are no proposals in this report relating to our duties under equality legislation or that have an adverse impact on equality.

11. Environmental and sustainability implications

11.1 We are developing further measures for environmental and carbon performance which will be brought back to the Group Board for consideration by the end of the financial year.

12. Recommendation

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

List of Appendices

Appendix 1 - Strategic Results and Other KPIs Dashboard
Appendix 2 - Strategic Projects Dashboard

Appendix 1 - Dunedin Canmore Board - Delivery Plan 21/22 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - Stage 1	3.06	3.79	5	
Average time for full response to all complaints (working days) - Stage 2	18.1	19.59	20	
% new tenancies sustained for more than a year - overall	92.51%	93.4%	90%	
Group - Average waiting time (seconds)	64.38	119.97	60	
Group - % of first contact resolution at Hub	91.79%	90.46%	80%	

2. Making the Most of Our Homes and Assets

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26	April to December 19/20 – 4,632	5,734	+24%	
Average time taken to complete emergency repairs (hours) – make safe	2.65	3.16	3	
Average time taken to complete non-emergency repairs (working days)	3.14	6.2	5.5	
% reactive repairs completed right first time	96.63%	94.28%	95%	
Number of gas safety checks not met	122	0	0	
Average time to complete approved applications for medical adaptations (calendar days)	10.48	10.15	35	

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
New build completions - Social Housing	58	12	42	
New build completions - Mid-market	35	25	0	

3. Changing Lives and Communities

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lets to homeless applicants	72.8%	66.2%	50%	
% lets to homeless applicants (ARC)	61.6%	54.7%	N/A	
Number of lets to homeless applicants (contributes to 10,000 for Group by 2025/26)	226	145	N/A	
% ASB resolved	100%	97.01%	98%	
Dunedin Canmore - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	7	36	28	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	Programme started October 2020	66.29%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue		8		

4. Developing Our Shared Capacity

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
Sickness Rate	1.45%	3.43%	3%	

5. Enabling Our Ambitions

Measure	2020/21	YTD 2021/22		
	2020	2021		
	Value	Value	Target	Status
% lettable houses that became vacant	6.73%	6.62%	7.3%	
% court actions initiated which resulted in eviction - overall	0%	DIV/0	33%	No evictions
Average time to re-let properties	52.6	17.67	20	
Gross rent arrears (all tenants) as a % of rent due	3.84%	4.29%	4.29%	

Appendix 2: Dunedin Canmore Board - Delivery Plan 21/22- Strategic Projects

01. Delivering Exceptional Customer Experience

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement new engagement framework - Phase 1	31-Mar-2022		80%	01. Stronger Voices Team structure agreed via workforce planning and recruited	31-Jul-2021	Yes	To date Customer Voices have been involved in neighbourhood assessments/customer journey mapping/focus groups on services, involving a variety of business leads. This has included the 43 rent focus groups carried out as part of the first phase of rent consultation. A launch of the Customer Voice programme is underway along with the launch of the new Customer First Centre and feedback to customers regarding the consultation on the new way of working/new way of engaging. The Rant & Rave contract for customer feedback has been signed and implementation is underway. The first priorities will be feedback on the Customer First Centre and the Voice of the Employee. ET considered the evaluation of the pilot and customer research into the community app on 21 December and agreed it was appropriate to pause work on this project to enable further
				02. Engagement plan for Customer and Community Voices developed	31-Aug-2021	Yes	
				03. Customer and Community Voices recruited - 50	30-Sep-2021	Yes	
				04. My Community App piloted, evaluated and preferred solution identified and agreed by ET	31-Jan-2022	Yes	
				05. Customer and Community Voices recruited - total 100	31-Mar-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
							customer research into digital engagement and to reassess the scope within the changed operating model.
Develop a Wheatley Whole Family approach	31-Mar-2022		40%	01. Scoping stage completed	31-Aug-2021	Yes	Consultant appointed in January and steering group established. Work is now due to complete by the end of April 2022
				02. Consultant appointed and Group project team identified	31-Oct-2021	Yes	
				03. Review of all primary insight and report on initial findings	31-Dec-2021	No	
				04. Customer and staff engagement undertaken	28-Feb-2022	No	
				05. Final report and action plan produced and approved by ET	28-Feb-2022	No	
Introduce new cloud based telephony system	31-Mar-2022		0%	01. Carry out a review of telephony vendors and system capability	31-Jan-2022	No	We are continuing to engage with vendors to test the market and functionality available to us. This work will be complete by the timescale identified. Wider consideration is being given to the timing of implementing the new system given the significant change in the role of the CFC subsequent to this project and
				02. Review WFM platforms in line with telephony system	31-Jan-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				03. Business case for new cloud based telephony and WFM system approved by ET	31-Mar-2022	No	associated milestones being agreed at the start of the reporting year.
				04. Go-live approved by ET	31-Mar-2022	No	
Develop new RSL online services model	31-Mar-2022		0%	01. Identify a leader plus small team of 2-3 in the business to focus on this work	31-Oct-2021	No	This project will be carried forward into 2022/23. The Customer First Centre (CFC) has been introduced since the project was initially conceived, and a new post to lead on our digital service model within this is being created. The focus in the CFC in its early stages is on phone, email and webchat. Some new RSL digital services are already being introduced, such as the environmental service app presented to the Board, but a comprehensive review and future plan will be developed in the new financial year.
				02. Review current online service offerings (baseline)	30-Nov-2021	No	
				03. Identify and engage with relevant service leads for 'baseline' services	31-Dec-2021	No	
				04. Use this to define our digital customer offering, approach and roadmap	31-Mar-2022	No	
				05. Develop customer digital engagement approach/strategy	31-Mar-2022	No	
				06. Co-ordinate our activity to	31-Mar-2022	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				promote this to customers			
Refine Repairs Delivery Model	28-Feb-2022		66%	01 Final 5 year review received from Campbell Tickell	31-May-2021	Yes	A wider repairs transformation programme is under development and will be reported to the Wheatley Group Board in February and partner Boards thereafter.
				02 Develop common approach for repairs service across West, East and South	31-Dec-2021	Yes	
				03 ET and Board approval of proposals	28-Feb-2022	No	

02. Making the most of our Homes & Assets

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Implement Group corporate estate model - phase 1	31-Mar-2022		57%	01. DGHP Dumfries Hub developed and approved by ET	31-May-2021	Yes	Work renovating our New Mart Road Hub is underway.
				02. Wheatley House prototype complete-	31-Jul-2021	Yes	
				03. New Mart Road Hub developed and approved by ET	31-Aug-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				04. Deliver Touchdown Points	30-Sep-2021	Yes	
				05. DGHP Dumfries Hub complete	28-Feb-2022	No	
				06. New Mart Road Hub complete	31-Mar-2022	No	
				07. Review Depots with outcome of review and proposals agreed by ET	31-Mar-2022	No	
Wheatley Green Investment Plan	31-Dec-2021		100%	01. Develop Wheatley Green Campaign to align with COP26	30-Apr-2021	Yes	The COP 26 campaign was concluded and positive press coverage was achieved for various aspects Dialogue now established with SG officials on ‘net-zero’ bid with the aim of submitting this financial year
				02. ET agreement of COP 26 Green Campaign	31-May-2021	Yes	
				03. Green Investment Plan engagement with Scottish Government	31-Aug-2021	Yes	
				04. COP26 related campaign activities ends	31-Dec-2021	Yes	

03. Changing Lives & Communities

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Deliver a group wide Antisocial Behaviour Prevention & Mitigation Framework (ASBPMF) that maps out our approach to preventing, managing and mitigating ASB	30-Jun-2021		100%	01. Draft ASB Prevention & Mitigation Framework prepared for Executive Team consideration	31-May-2021	Yes	The ASB Prevention & Mitigation Framework was approved by the WG Board on Monday 21st June 2021.
				02. Group Board approval of Framework	30-Jun-2021	Yes	
Review Group Fire Prevention & Mitigation Framework including digital solutions	31-Mar-2022		50%	01. Undertake a review and update the Fire Prevention & Mitigation Framework	31-May-2021	Yes	Fire Prevention Mitigation Framework has been reviewed and approved in May 2021 to take account of Group Fire Safety approach during the next 5 years 2021 – 2026 Group Strategy Milestone 3 - Partially complete - Group Fire Safety Team have developed our own Home Fire Safety Visit process (Intervention Resource Request) that is currently being implemented. SFSR Safe and Well remains a concept and will be reviewed by Group Fire Safety Team when launched by SFRS. Note: SFRS is unlikely to launch its safe and well model in near future Milestone 5 - Recommendations raised from FRA recorded electronically and tracked in PIMSS – FRA documents
				02. Updated Framework approved by Group Board	31-May-2021	Yes	
				03. Explore & develop a Group response to the new Scottish Fire & Rescue Service 'Safe & Well' model	31-Dec-2021	No	
				04. Group response agreed by ET	31-Dec-2021	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				05. Explore digital solutions for capturing, recording, managing & reporting on Group Fire Risk Assessments, Fire Intervention Reports and vulnerable person visits	31-Mar-2022	Yes	uploaded and recorded in PIMSS against Asset no.
				06. Digital solutions proposals agreed by ET -	31-Mar-2022	No	

04. Developing our Shared Capability

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Develop new leadership development programme	31-Jul-2021		100%	01. Expand existing Leading in a Digital Era programme	31-May-2021	Yes	Scope and content of the senior leadership programme has now been agreed.
				02. New Leadership Development programme developed for all people leaders,	31-May-2021	Yes	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
				reflecting the new operating model			
				03. ET approval of new Leadership Development Programme	31-Jul-2021	Yes	
Strategic governance review	31-Oct-2021		100%	01. Scope agreed by Group Board	30-Apr-2021	Yes	The Group Board agreed an implementation plan and this is now being considered by each partner Board
				02. External review undertaken	31-Jul-2021	Yes	
				03. Group Board agree recommendation	31-Oct-2021	Yes	
				04. Group Board agree implementation plan	31-Oct-2021	Yes	

05. Enabling our Ambitions

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Restructure funding syndicate	31-Dec-2021		25%	01. Board agree strategy for restructure	31-Oct-2021	Yes	Update paper on agenda for each Board at their February meeting
				02. Implementation of restructure	31-Dec-2021	No	

Project	Overall Due Date	Status	Progress	Description	Due Date	Completed	Update Provided by Lead
Establish digital maturity approach and assessments	28-Feb-2022		71%	01. Revise baseline of current metrics (revisit Azets review)	31-May-2021	Yes	All milestones complete to date and final milestone expected to be completed on time.
				02. Define and establish core maturity metrics across 21/22	30-Jun-2021	Yes	
				03. Define projects and activities/outcomes linked to maturity goals across roadmaps	30-Jun-2021	Yes	
				04. Communicate targets for progression	31-Jul-2021	Yes	
				05. Perform mid-year review	31-Oct-2021	Yes	
				06. Update on progress to WS Board	30-Nov-2021	No	
				07. Produce end of year report and plan for 2022 for ET approval	28-Feb-2022	No	

Report

To: Dunedin Canmore Board

By: Chris Cameron, Interim Finance Manager

Approved by: Pauline Turnock, Director of Financial and Legal Services

Subject: Finance Report

Date of Meeting: 10 February 2022

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1. Purpose

1.1 The purpose of this report is to provide the Board with an overview of the management accounts for the period to 31 December 2021 including the latest forecast for 2021/22.

2. Authorising context

2.1 Under the terms of the Intra-Group Agreement between Dunedin Canmore ("DCH") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the DCH Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

2.2 This report provides the Board with an update of performance to date to allow it to discharge its role in monitoring performance and agreeing any actions required.

3. Risk Appetite and assessment

3.1 Our agreed risk appetite for performance 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".

4. Background

4.1 This report outlines performance against budget for the period to 31 December 2021.

5. Customer Engagement

5.1 No direct implications

6. Discussion

6.1 This report outlines performance against budget with the appendix providing more detail on the financial results.

<u>Period to 31 December 2021</u>

6.2 We have reported a statutory surplus of £2,421k for the period to 31 December 2021, which is £1,005k adverse to budget. The main drivers of the variance continue to be lower levels of grant income and higher spend in repairs.

6.3 Total income is £1,068k adverse to budget with grant income recognised in the year being £929k of the variance due to delays in completions at South Gilmerton.

6.4 Total expenditure is £464k adverse to budget with repairs and maintenance costs driving the variance and running £475k higher than budget, due to continued increase in demand for responsive repairs. Group services employee costs are £41k higher reflecting Dunedin Canmore's share of the additional staff resources in the new Customer First Centre.

6.5 Interest expenditure of £5,039k is £532k favourable to budget following the loan restructuring in March 2021.

6.6 We are reporting capital expenditure of £19,109k for the period to 31 December 2021, which is £1,810k lower than budget.

6.7 New build spend of £13,514k is £1,267k lower than budget mainly as a result of the slower progress at MacMerry, Penicuik and Rowanbank. Core investment expenditure on existing properties is £580k lower than budget. This is largely as a result of the rephasing of budget, planned underspend on customer priorities budget and slower progress in the pre 1919 tenemental programme.

6.8 Grant income claimed reflects the lower levels of new build spend to date and is £2,619k lower than budget.

<u>Q3 2021/22 full year forecast</u>

6.9 The full year forecast net operating surplus is expected to be £12,202k, £75k unfavourable to budget, mainly due to higher repairs costs and higher Wheatley Solutions staff costs linked to the increase in the headcount in the new Customer First Centre as we embed our new ways of working. After taking account of financing costs, the statutory surplus of £5,374k is £471k favourable to budget. Interest costs are lower for the full year reflecting the benefit of the loan restructuring in March 2021.

6.10 Capital expenditure forecasts have been prepared on a conservative basis and are subject to continued ability to source materials and components to deliver planned works. Forecast net capital expenditure of £15,213k is £997k lower than budget.

6.11 Core programme works are forecast to be £860k lower than budget with pre-1919 tenemental works being reprofiled as engagement with owners continues as well as planned underspend on customer voice works.

6.12 The new build programme has been reprofiled to reflect delays at Penicuik, Rowanbank now being a golden brick site, and the timing of approval for Macmerry. Work at Roslin is expected to progress well with spend at this project accelerating in the final quarter of the year. The overall programme is expected to be £1,409k lower for the year with grant income expected to be £1,272k below budget reflecting lower claims linked to the lower than expected spend detailed above.

7. Digital transformation alignment

7.1 No direct implications

8. Financial and value for money implications

8.1 Underlying surplus after deducting major repairs and interest costs from EBITDA was £3,599k for the period to 31 December 2021 compared to budgeted underlying surplus of £3,124k, with the variance driven by lower levels of core programme expenditure and lower interest costs.

9. Legal, regulatory and charitable implications

9.1 No direct implications.

10. Equalities implications

10.1 No direct implications.

11. Environmental and sustainability implications

11.1 No direct implications.

12. Recommendations

12.1 The Board is requested to:

1) Note the management accounts for the year period to 31 December 2021 at Appendix 1

LIST OF APPENDICES

Appendix 1: Finance report - period to 31 December 2021

Period to 31 December 2021 Finance Report

1) Period 9 2021/22 YTD – Operating Statement

	Year to 31 December 2021		
	Actual £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	£23,104	£23,217	(£113)
Void Losses	(£281)	(£282)	£1
Net Rental Income	**£22,823**	**£22,935**	**(£112)**
Grant Income	£2,099	£3,028	(£929)
Other Income	£2,284	£2,311	(£27)
TOTAL INCOME	**£27,206**	**£28,274**	**(£1,068)**
EXPENDITURE			
Employee Costs - Direct	£3,046	£3,042	(£4)
Employee Costs - Group Services	£1,247	£1,206	(£41)
ER / VR	£0	£0	£0
Direct Running Costs	£2,569	£2,507	(£62)
Running Costs - Group Services	£718	£807	£89
Revenue Repairs and Maintenance	£3,792	£3,317	(£475)
Bad debts	£193	£222	£29
Depreciation	£8,181	£8,181	£0
TOTAL EXPENDITURE	**£19,746**	**£19,282**	**(£464)**
NET OPERATING SURPLUS	**£7,460**	**£8,992**	**(£1,532)**
Net operating margin	*27.4%*	*31.8%*	*-4.4%*
Gain/(loss) on property disposals	-	-	-
Interest receivable		5	(5)
Net Interest payable & similar charges	(£5,039)	(£5,571)	£532
STATUTORY (DEFICIT)/SURPLUS	**£2,421**	**£3,426**	**(£1,005)**

INVESTMENT			
TOTAL CAPITAL INVESTMENT INCOME	**£6,443**	**£9,062**	**(£2,619)**
Total Expenditure on Core Programme	£4,904	£5,450	£546
New Build & other investment expenditure	£13,514	£14,781	£1,267
Other Capital Expenditure	£691	£688	(£3)
TOTAL CAPITAL EXPENDITURE	**£19,109**	**£20,919**	**£1,810**
NET CAPITAL EXPENDITURE	**£12,666**	**£11,857**	**(£809)**

Key highlights year to date:

Net operating surplus of £7,460k is £1,532k adverse to budget. Statutory surplus for the period to 31 December is £2,421k, £1,005k adverse to budget. The main drivers of the variance continue to be lower levels of grant income, net rental income due to delayed completions and higher spend across a number of expenditure lines.

- Net rental income is £112k adverse to budget. Gross rent is £113k adverse to budget driven by the delays in completions at South Gilmerton. Void losses are £1k favourable to budget. Other Income is £27k adverse to budget due to adaption grant income expected to be received by P9 being £35k less than budgeted. The workshop is reporting a profit of £189k, which is £124k favourable to budget.
- New build grant income of £2,099k recognised in the year (12 SR & 15 MMR units at Newmill Ph2 and 10 MMR units at Longniddry) is £929k below budget. Units at South Gilmerton were expected to be completed by September but are now due to complete in Q4.
- Total expenditure is £464k adverse to budget. Revenue repairs and maintenance costs are £475k adverse to budget driven by reactive repairs which are higher than budget as a result of increased demand after covid restrictions have been eased. Cyclical repairs including compliance work are favourable to budget.
- Employee costs are £4k adverse variance to budget, largely due to overtime in DCPS, necessary to meet customer demand on reactive repairs and over budget environmental team costs. Employee costs for group services includes the recharge for the additional resources in the new Customer First Centre.
- Total running costs (Direct and Group Recharge) are £27k favourable to budget. Direct running costs include costs for Edindex membership which was not budgeted (£57k)
- Interest expenditure of £5,039k is £532K favourable to budget with lower interest rates on borrowings following the fixed rate loan restructuring in March 2021.
- Capital investment income of £6,443k has been received in relation to claims for the Wisp 3C, Roslin, Roslin Ph2, Penicuik, South Gilmerton, Rowanbank and Westcraigs.
- Investment expenditure on existing properties is £546k lower than budget. This is largely as a result of the rephasing of budget, planned underspend on customer priorities budget and slower progress in the pre 1919 tenemental programme.
- New build spend of £13,514k is £1,267k lower than budget mainly as a result of slower progress and delays on a number of site including Macmerry, Penicuik and Rowanbank.

3) Underlying surplus – P9 December 2021

Key highlights:

- 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 table 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, including capital expenditure on our existing properties.
- In the period to December 2021, an underlying surplus of £3,599k has been generated which is £475k favourable to budget. The variance is driven by lower levels of core programme expenditure and lower interest costs. The full year budget reflects an underlying surplus of £4,058k.

DC Underlying Surplus - December 2021

	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	7,460	8,992	(1,532)	12,277
add back:				
Depreciation	8,181	8,181	0	10,908
less:				
Grant income	(2,099)	(3,028)	929	(4,909)
Net interest payable	(5,039)	(5,571)	532	(7,274)
Total expenditure on Core Programme	(4,904)	(5,450)	546	(6,944)
Underlying surplus	**3,599**	**3,124**	**475**	**4,058**

4) Period 9 – Property Services Operating Statement

	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Internal Subsidiaries	11,197	10,642	555	13,873
External Customers	301	167	136	222
TOTAL INCOME	**11,498**	**10,809**	**691**	**14,095**
COST OF SALES				
Staff	2,834	2,832	(2)	3,777
Materials	2,012	2,558	546	3,271
Subcontractor & Other Costs	4,540	3,501	(1,039)	4,500
TOTAL COST OF SALES	**9,386**	**8,891**	**(495)**	**11,548**
GROSS PROFIT/(LOSS)	**2,112**	**1,918**	**196**	**2,547**
Margin %	0	0	1%	18%
Overheads	1,924	1,852	(72)	2,462
NET PROFIT/(LOSS)	**188**	**66**	**124**	**85**

Key highlights year to date:

•Dunedin Canmore Property Services provides in house repairs and maintenance services to Dunedin Canmore, West Lothian Housing Partnership and Lowther Homes. In the year to December 2021, DCPS is reporting a surplus of £188k, which is £124k favourable to budget.

•Income of £11,498k in the year is £691k favourable to budget.

•Correspondingly, cost of sales are reporting a £495k adverse variance to budget largely as a result of overspend in subcontractor work due to the increased demand for repairs services, as well as additional investment work carried out in the period.

•Gross profit of £2,112k is £196k favourable to budget.

•Overhead expenditure includes vehicle rent and running costs, rates, insurance and other staff and office related costs. These are £72k adverse to budget for the year attributed mainly to sundry expenditure and increased waste disposal in line with increase in reactive repairs.

5) Period 9 – Dunedin Canmore Harbour

	Year to 31 December 2021			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	620	628	(8)	837
Void Losses	(121)	(31)	(90)	(42)
Net Rental Income	**499**	**597**	**(98)**	**795**
Local Authority Contract Income	272	368	(96)	477
Other Income	17	1	16	13
TOTAL INCOME	**788**	**966**	**(178)**	**1,286**
EXPENDITURE				
Employee Costs	570	604	34	805
Direct running Costs	185	227	42	281
Revenue Repairs and Maintenance	18	27	9	37
Bad Debts and Depreciation	0	0	(0)	0
TOTAL EXPENDITURE	**773**	**858**	**85**	**1,122**
NET OPERATING SURPLUS / (DEFICIT)	**15**	**108**	**(93)**	**163**

Key highlights year to date:

- The service is reporting a surplus of £15k which is £93k adverse to budget.
- Net rental income of £499k is £98k adverse to budget in the year to date. Fire mitigation works are being undertaken which require a whole floor at a time to be empty to allow the works to progress which is resulting in higher void levels.
- Local authority income is £96k adverse to budget. This is due to ongoing discussion with City of Edinburgh Council regarding the revised contract.
- Employee costs of £570k are £34k favourable to budget. This is largely a result of the planned increase in staffing requirements to service the new contract with CEC not yet being required pending a conclusion to the contract discussions.
- Running costs of £185k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £42k favourable to budget in the year to date, again largely due to additional costs associated with the new contract not yet being incurred.
- Repairs and maintenance expenditure of £18k is £9k favourable to budget

6) Management information – Repairs and investment

Repairs and maintenance	Year to 31 December 2021		
	Actual £ks	Budget £ks	Variance £ks
Reactive	2,641	2,021	(621)
Cyclical	1,151	1,297	146
	3,792	**3,317**	**(475)**

Investment	Year to 31 December 2021		
	Actual £ks	Budget £ks	Variance £ks
Void	568	540	(28)
Major	3,759	4,340	582
Capitalised Staff	578	603	25
TOTAL	**4,904**	**5,483**	**579**

Key highlights year to date:

Repairs and maintenance

- Reactive repairs spend in the year to 31 December is £2,641k against a budget of £2,021k, £621k adverse to budget, largely driven by continuing high customer demand.
- Cyclical repairs spend of £1,151k has been incurred in the YTD, £146k favourable to budget.

Investment

- Investment covers all areas of our properties and external environment.
- Major Repairs spend for the period to 31 December is £3,759k against a budget of £4,340k, a favourable variance of £582k. The variance reflects the rephasing of budget and lower than budgeted spend against a broad number of work streams in the programme with challenges in lead times to secure supplies in the market. Progress in the pre 1919 tenemental programme remains behind budget while discussion on owner participation has taken longer than anticipated.
- Void costs of £568k have been incurred to the end of period 9 which is £28k unfavourable to budget. Void costs, which include repairs and maintenance to extend the life of the properties, are capitalised in line with Group policy.

1c. Investment Expenditure – Regeneration DCH – P9

Development Name	Year To Date (£'000)			FY Budget
	Actual	Budget	Variance	
BEAVERBANK	22	-	(22)	-
CAMMO FIELDS	32	-	(32)	-
DALHOUSIE STH	2	-	(2)	-
FOUNTAINBRIDGE	- 1	73	74	73
GREENDYKES	-	145	145	145
GULLANE	1	-	(1)	
LANARK RD	6	-	(6)	-
LANG LOAN	-	168	168	168
LONGNIDDRY	424	426	2	426
MACMERRY	2	1,366	1,364	2,366
NEWMILLS RD PH2	1,868	1,282	(586)	1,710
NORTHBERWICKPH2	60	-	(60)	-
PENICUIK	990	2,262	1,272	3,709
ROSLIN	2,363	1,800	(563)	2,400
ROSLIN PH2	1,042	-	(1,042)	-
ROWANBANK	22	1,750	1,728	2,500
SOUTH GILMERTON	1,710	2,032	322	2,032
WALLYFORD PH 2	19	640	620	2,205
WESTCRAIGS1	805	-	(805)	-
WESTCRAIGS2	764	-	(764)	-
WESTCRAIGS3	83	86	4	651
WISP 3C	2,413	2,478	65	2,828
Property Aquisition	610	-	(610)	-
Capitalised staff costs	276	273	(3)	363
Total Cost	**13,514**	**14,781**	**1,268**	**21,576**

Grant Income	**6,443**	**9,062**	**(2,619)**	**14,315**
Net New Build Costs	**7,071**	**5,720**	**(1,351)**	**7,261**

Investment spend at end of P9 totalled £13.5m against budget of £14.8m, an adverse variance of £1.3m.

- Longniddry (MMR/10): The Newmills Rd Phase 2 (MMR/15 and SR/12) – Both sites fully completed in November 2021.
- Penicuik (SR/57): Approved by Board on 12 November 2020. Under construction, progress satisfactory.
- Roslin (SR/38): Under construction, progressing well.
- Roslin Phase 2 (MMR 14 and SR/24). Golden brick achieved on 18 plots in December. Good progress is being made on site.
- Rowanbank (SR/33): On site with some delays encountered. Golden brick anticipated in January 2022.
- South Gilmerton (SR/52): Some delays on site due supply chain issues relating to materials including timber kits and concrete, and labour shortages. Handovers dates are now 15 units in January, 9 units in February and final 18 units in March.
- Wallyford Phase 2 (MMR/15 and SR/45): Started on site in November 2021.
- West Craigs phases 1 and 2 (MMR/168 and SR/132): Site acquired in March 2021. Tenders returned July 16 and approved by GDC on 23 September. Discussions on site start date ongoing.
- The Wisp 3C (SR/35): Acquired in March 2020, now reopened and progressing well. Handovers in April and May of 2022 for all 3 blocks (35 SR Units); but exploring the potential for 11 units to complete in March 2022..
- Macmerry (SR/36) with Balfour Beatty. Approved by GDC on 23 September.

8) Balance sheet

Period 9

	31 December 2021 £'000	31 March 2021 £'000
Fixed Assets		
Social Housing Properties	362,737	352,523
Other Fixed Assets	6,750	6,059
Investment Properties	31,855	31,855
	401,342	390,437
Current Assets		
Stock	690	505
Trade & Other Debtors	6,863	10,500
Cash & Cash Equivalents	2,710	2,984
	10,263	13,989
Creditors: within 1 year		
Trade Creditors	(330)	(804)
Accruals & Deferred Income	(24,098)	(20,491)
Prepayments of Rent and Service Charge	(1,551)	(1,341)
Other Creditors	(885)	(590)
Amounts due to Group Undertakings	(5,915)	(7,100)
	(32,778)	(30,326)
Net Current Liability	(22,515)	(16,337)
Long Term Creditors		
Loans	(34,038)	(33,632)
Amounts due to Group Undertakings	(128,831)	(126,831)
Pension Liability	(3,184)	(3,184)
Net Assets	**212,774**	**210,453**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve	212,774	210,453
Association's funds	**212,774**	**210,453**
	(0)	0

Key highlights year to date:

- The balance sheet reported reflects the 31 March 2021 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties and actuarial valuation of the defined benefit pension scheme.
- The value of our **fixed assets** reflects additions in the year less depreciation.
- **Trade & other debtors** of £6.9m include prepayments and accrued income of £1.0m, an intercompany balance of £2.6m and net rent arrears of £0.7m (after bad debt provision) which is £0.3m adverse compared to the end of 2020/21.
- **Cash at Bank** – At 31 December Dunedin Canmore had £2.7m in the bank and has access to draw down further funding from WFL1 as and when required.
- **Short-Term Creditors** – Amounts due within one year of £32.8m includes £5.9m due to other Wheatley entities and £24.1m in accruals and deferred income. The remaining balance includes rent received in advance from our tenants, trade and other creditors (factoring deposits and payroll creditors).
- **Loans** of £162.9m relate to funding drawn down from WFL1, and external funding of £34.0m due to THFC and Allia (inclusive of rolled up interest charges).

8) Quarter 3 Forecast to 31 March 2022

	Budget £ks	Q3 Forecast £ks	Variance £ks
INCOME			
Net Rental Income	30,609	30,495	(114)
Grant Income	4,909	5,788	879
Other Income	3,158	3,263	105
Total Income	**38,676**	**39,546**	**870**
EXPENDITURE			
Employee Costs	4,862	4,866	(4)
Employee Costs - Group Services	1,562	1,716	(154)
ER/VR	-	-	-
Running Costs	3,210	3,273	(63)
Running Costs - Group Services	1,123	1,007	116
Other intra Group running costs	-	-	-
Repairs & Maintenance	4,438	5,278	(840)
Cost of Sales- Factoring	-	-	-
Bad debts	296	296	-
Depreciation	10,908	10,908	-
Demolition	-	-	-
Total Expenditure	**26,399**	**27,344**	**(945)**
NET OPERATING SURPLUS	**12,277**	**12,202**	**(75)**
Interest receivable	6	6	-
Interest Payable	(7,274)	(6,728)	546
STATUTORY SURPLUS/(DEFICIT)	**5,009**	**5,480**	**471**
INVESTMENT			
Total Capital Investment Income	14,315	13,043	(1,272)
Core Investment Programme	6,944	6,084	860
New Build Programme	21,576	20,167	1,409
Other fixed assets	1,008	1,008	-
TOTAL CAPITAL EXPENDITURE	**29,528**	**27,259**	**2,269**
NET CAPITAL EXPENDITURE	**15,213**	**14,216**	**997**

Comments

- This table shows the 2021/22 budget presented to the Board compared to the Q3 forecast for 2021/22. The forecast reflects the results in the year to date as well as expected expenditure for the remaining 3 months of the year.

- Forecast operating surplus of £12,202k is £75k lower than budget, mainly driven by higher repairs, direct running costs and the higher group services employee cost recharges. The forecast statutory surplus of £5,480k is £471k favourable to budget as a result of interest savings.

- Net rental income is forecast to be £114k adverse to budget driven by lower than budget rental income as a result of delays in the completion of units at South Gilmerton, partially offset by Newmills Rd & Wisp 3c forecast to complete ahead of schedule.

- Grant income recognised in the year is now forecast to be £879k higher than budget, due to 11 Wisp 3C units forecast to be completed in 21/22, brought forward from a budgeted 22/23 completion date.

- Repairs and maintenance spend is expected to finish the year £840k adverse to budget driven by high customer demand for reactive works after coronavirus restrictions eased.

- Interest payable is forecast to deliver savings of £546k due to breakage of WFL1 fixed rate loans at the end of March 2021 .

- New build expenditure and grant income as well as core investment programme expenditure have been updated to reflect the revised spend profile.

- New build expenditure is forecast to be £1.4m under budget. The key sites where there is expected to be lower than budgeted spend are Penicuik (£2.3m below budget) where progress is slower than expected, Rowanbank (£0.9m below budget) which is a golden brick site and the golden brick is now expected to be Q1 2022/23 rather than Q4 2021/22 and MacMerry (£1.4m below budget) due to delay in Board approval. These underspends are offset by a number of sites where spend is expected to be higher than budget mainly Westcraigs (£2.3m above budget) and Roslin Ph2 (£1.0m above budget).

- Grant income is expected to be £1.3m below the original budget reflecting the lower than expected spend detailed above.

Report

To: **Dunedin Canmore Housing Board**

By: **Hazel Young, Managing Director**

Approved by: **Steven Henderson, Group Director of Finance**

Subject: **Corporate risk register**

Date of Meeting: **10 February 2022**

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1. Purpose

1.1. To approval for a revised Corporate Risk Register at **Appendix 1**.

2. Authorising and strategic context

2.1. In accordance with the Group Authorise/Monitor/Manage Matrix, the Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework. The Board is responsible for managing and monitoring our Corporate Risk Register and risk appetite in accordance with the Group Risk Management Framework.

2.2. Risk registers are in place across the Group and are reported to each board on a quarterly basis. These capture risks that may impact on the delivery of the Board's strategic aims.

3. Risk appetite and assessment

3.1. Each identified risk has been scored in line with the Group's risk management policy and considered using our risk appetite matrix.

4. Background

4.1. During 2021/22, the Internal Audit team has continued work to implement the findings arising from a 2019/20 review of the Group's risk management practices, which has been delayed by Covid-19. Four of the six agreed actions have been completed, with completion of the remaining two following on from the planned risk appetite workshops with subsidiary Boards in Spring 2022.

4.2. In addition, the Group received a report in October 2021, that summarised the results of Campbell Tickell's independent review of the Group's governance arrangements. The report identified 11 recommended actions for further development of the Group's risk management arrangements. Proposals for implementation of these actions will be reported to the Group Audit Committee in February and then approved by the Wheatley Group Board. Once implemented, risk reporting to our Board will be refreshed.

4.3. One of the Campbell Tickell actions related to the frequency of risk reporting at Subsidiary Boards and consequently the Group has agreed to move to quarterly reporting of risk to Subsidiary Boards. In future, our Board will receive quarterly updates on risk.

5. Customer engagement

5.1. There are no customer engagement implications arising directly from this report.

6. Discussion

6.1. Key strategic risk areas have been identified through a high-level review of our evolving strategies, operational risks and the current operating environment. A full copy of the proposed Corporate Risk Register is included at **Appendix 1**.

6.2. All of the risks within the risk register have been reviewed and updated where required. The following table summarises the proposed changes to the Corporate Risk Register arising from that review.

Risk Reference	Risk Title	Proposed change
DCCRR13	Securing new funding and adverse market changes	Minor amendment to description of controls.

6.3 The Board is asked to consider and approve the proposed changes.

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Equalities implications

10.1. There are no equalities implications arising from this report.

11. Environmental and sustainability implications

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

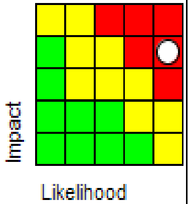
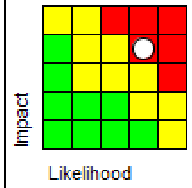
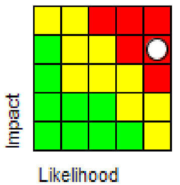
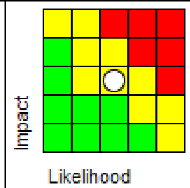
12. Recommendation

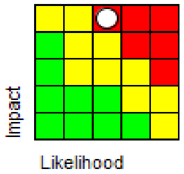
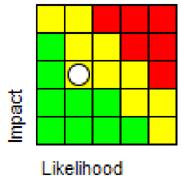
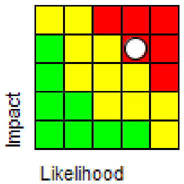
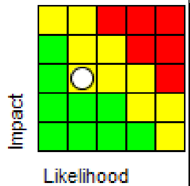
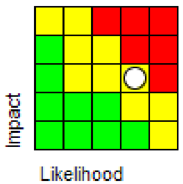
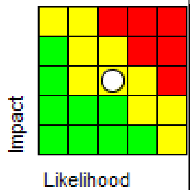
12.1. The Board is asked to review and approve the revised Corporate Risk Register.

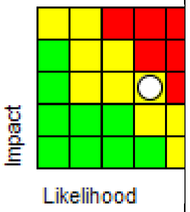
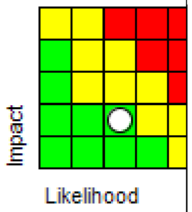
List of Appendices

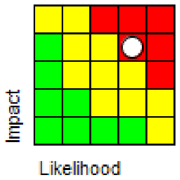
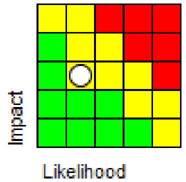
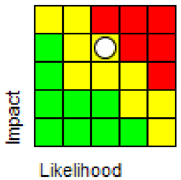
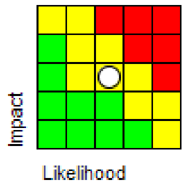
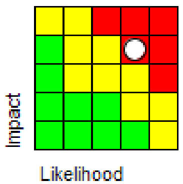
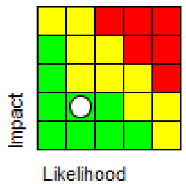
Appendix 1- Dunedin Canmore Housing Corporate Risk Register
Appendix 2- Risk Scoring Definitions
Appendix 3- Risk Appetite Definitions

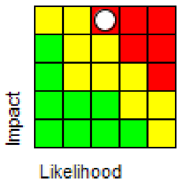
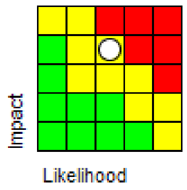
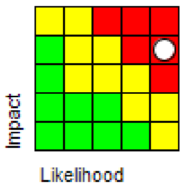
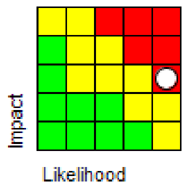
Appendix 1 – Draft Dunedin Canmore Corporate Risk Register February 2022

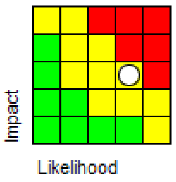
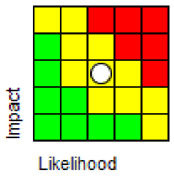
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR01 Rent arrears including Universal Credit	The impact of Covid-19, including legislation to prevent evictions, increased lead-in times and uncertainty around Sheriff eviction decisions, as well as the closure of the Furlough scheme and the continued expansion of Universal Credit, continue to impact on our rental income stream and increase our arrears. This also has negative impacts for customers, with increasing financial hardship.		Staff across the Group – including frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the wider issues with Universal Credit or for other reasons. This includes a dedicated Universal Credit team, use of GoMobile for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding environment. Online service portals are more accessible and housing officers are becoming more available. Our small housing patch sizes provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice, as required. The Group business plan also contains a significant buffer within its assumptions for risk in relation to bad debts and rent arrears. In addition, arrears performance is reviewed by boards at every meeting.		Open
DCCRR02 Development Program	Appropriate development sites fail to be identified and acquired resulting in non-delivery of commitment made in Business Plan to build 1000 new homes and results in reduced income flow and loss of reputation, with potential consequences as follows: • Inability to attract new customers • Loss of confidence by stakeholders		Political lobbying and support. Good design and cost plan. Delivery record. Bid on the right sites. Review Dunedin Canmore's geographical footprint for potential development opportunities.		Open

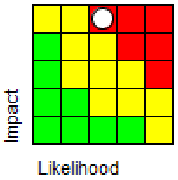
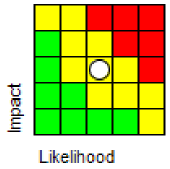
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	• Reduced income stream		Implementation of Group Development Committee to oversee Development Programme		
DCCRR03 Stock Condition	Pre 1990 mixed tenure stock condition cannot be maintained because owners do not agree to pay their share of costs involved, with potential consequences as follows: • Further deterioration of stock • H&S incidents due to falling stonework or roof tiles • Lack of demand for properties by customers		3rd party public liability insurance. Disposal strategy. Financial planning. Stock condition surveys. Asset strategy.		Open
DCCRR04 Business Continuity & Disaster Recovery	The Wheatley Housing Group does not have adequate or tested Business Continuity/Disaster Recovery plans in place for key business activities (for example: repairs service, care provision/staff cover, customer payment systems/technology), including those with significant contractors, resulting in significant disruption to service.		Business Continuity Plans are in place across all business areas. A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans. The business continuity framework is being further developed in line with the Group's new business operating model and in light of experience through the COVID-19 pandemic.		Minimal
DCCRR05 Political & Policy Changes	The risk that political and policy changes (within Scotland and the UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.		The current policy and national political environment brings a degree of uncertainty. The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise. The Group's policy of not building homes for sale also mitigates potential property market risk.		Minimal

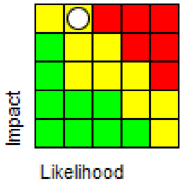
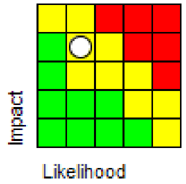
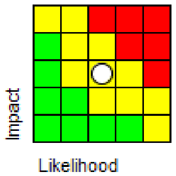
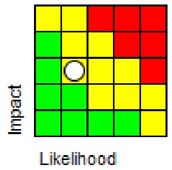
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR06 Laws & Regulation	Non-compliance with statutory laws and regulations, including but not limited to: (i) Scottish Housing Regulator and Care Inspectorate regulations, (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations, (iv) Freedom of Information (Scotland) Act, (v) General Data Protection Regulations and (vi) OSCR, the Scottish Charities Regulator, resulting in adverse feedback and loss in confidence from regulators, funders, customers and potential partners, as well as potential fines and penalties.		A Group wide Scottish Housing Charter Assurance process is supported by the Strategic Scrutiny Panel reviewing outcomes. FCA regulations are considered when new products and services are developed. Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g. external wall coverings), to ensure these meet relevant building standards. New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board. Legal and financial advice is obtained for all financial offerings to customers. Compliance Plan monitored on an on-going basis and any issues raised to Executive Team and Audit Committee on an exceptions basis. The Group has on-going relationship management with Regulator. Group wide approach to how the Group manages information. Privacy Impact Statements to be implemented across the Group. Changes to existing legislation are identified and implemented by identified responsible officers across the Group.		Minimal

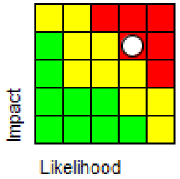
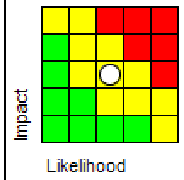
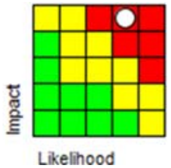
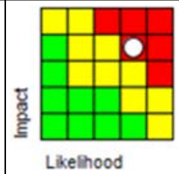
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR07 Failure to recruit, develop, retain and succession plan	Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives.		My Contribution in place for all staff and integrated with MyAcademy. Training Logs for all staff with training courses at the Academy and online Leadership Development programme, succession planning and talent management programme. HR policies on recruitment and selection. IGNITE Graduate Programme to bring in new talent across Group RSLs and Wheatley Solutions. Employee satisfaction surveys.		Cautious
DCCRR08 Governance Structure	The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.		The Group's authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused. Governance training is provided as appropriate. Formal succession planning for Board members is in place. Governance arrangements regularly reviewed by the Scottish Housing Regulator, external consultants, internal and external audit functions. Subsidiary Board structures may be rationalised from time to time to reduce complexity, e.g. as has been done with Wheatley Care and Lowther/YourPlace.		Cautious
DCCRR09 Property Services	Failure to actively manage contractors in the Workshop results in interruption of services to customers with potential consequences as follows: • Loss of key personnel • Financial objectives are not achieved • Reduced customer satisfaction		Succession plan in place. Apprenticeship program. Revised business model. Procurement strategy. Third party contractor framework. Support from Group Health and Safety. Management support from Wheatley Director of Investment, Repairs and Compliance.		Open

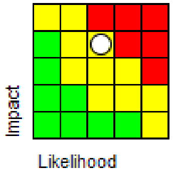
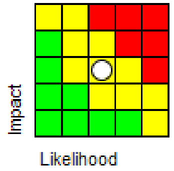
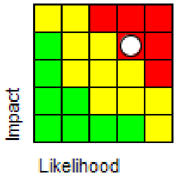
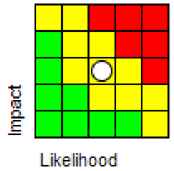
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	• Lack of ability to attract and retain skilled workforce • Lack of opportunity to plan for succession • Inability to maintain stock				
DCCRR11 Fire Safety	There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage.		Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs. Quarterly reporting of implementation of actions to Group Audit Committee. Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.		Averse
DCCRR12 Supply chain disruption	There is a risk of delays in the sourcing of goods and materials, or of Wheatley Care workforce challenges arising from the impact of macroeconomic events such as the post-Brexit trade deal, Covid manufacturing productivity challenges and global purchasing behaviours such as US/Asia mega-purchasing; resulting in increased costs and / or delays for new build and property investment and repairs works, or negative impacts on the wellbeing and satisfaction of People We Work For.		**General** Procurement procedures include assessment of suppliers' financial health. Proactive monitoring of supply chains by Operational leads with regular contract management meetings. Regular engagement with Scottish Government on cost or delay impact potential as issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers. **Repairs Service** Manage stock levels including, where possible, advance purchase of components and materials. Engagement with key suppliers.		Cautious

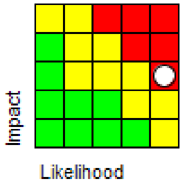
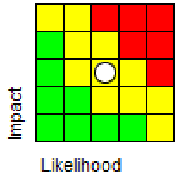
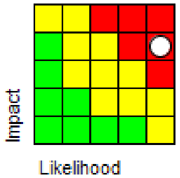
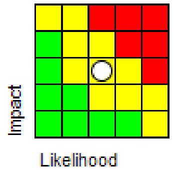
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			Specific contingency plans for key services e.g. lifts. Local staff directly employed by DCPS. **Investment Programme.** Manage stock levels of components and materials. Engagement with key suppliers. **New Build** Regular engagement with new build contractors where the Group's financial exposure is greatest to test financial standing. Monitor on a site basis the availability and adequacy of contractor's resources on site – consider increased clerk of works site monitoring to ensure quality of workmanship. **Operational Supplies** Utilisation of Group and 3rd party frameworks to minimise price increase risk. Engagement with key suppliers on stock levels. **Wheatley Care** Working with SG via membership organisations to understand potential level of risk. Contingency plans to mitigate locally and maintaining a 16-week stock of PPE.		
DCCRR13 Securing new funding and adverse market changes	There is a risk that the Group's ability to raise borrowing at cost-effective rates or raise the funds required to meet our liquidity Golden Rules is limited by wider economic or political conditions such as another banking crisis, rising interest rates, default in the sector, increasing focus on ESG credentials or constitutional changes; resulting in an inability to hold enough		Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes. Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for two years + 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly. We also review		Averse

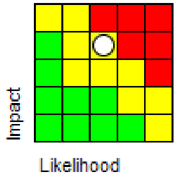
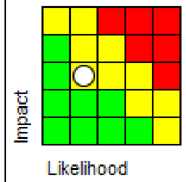
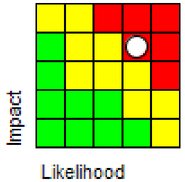
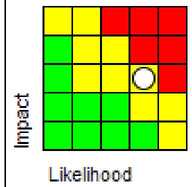
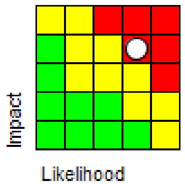
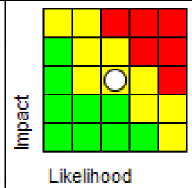
Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
	cash to meet our commitments or achieve our business objectives.		our approach to hedging in respect of interest rate risk on a quarterly basis. We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB). Annual ESG reporting in place with reports issued alongside the statutory accounts. A Sustainability Financing Framework ~~will be issued~~ was published in Q3 2021/22, ~~which will be accredited~~ following accreditation by S&P.		
DCCRR14 Compliance with funders' requirements	There is a risk of defaulting on loan agreements as a result of failing to meet or maintain compliance with loan agreements. This would result in withdrawal of the funding, potential for cross-default on other facilities, difficulty in obtaining future funding from other funders, and would likely result in higher cost of funding.		Regular meetings with funders and investor representatives to update on financial status of the Group. Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders. Covenant compliance monitoring tool introduced by Finance. Funder requirements document identifies key dates and requirements. Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts. Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. In addition, ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risks of unexpected rating changes.		Averse

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR15 Group Credit Rating	There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.		The Group's business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. *Mitigation drafting used in legal clauses* - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). *Negotiation period* – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. *Standby funders to replace EIB if necessary* - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need.		Averse
DCCRR16 Pension contributions	Increases in the required pension contributions for all pension funds may lead to potential cost pressures for the Group.		The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which will be the default arrangement for new joiners and auto-enrolment for most subsidiaries. We are also consolidating SHAPS and LGPS schemes where possible to reduce the risk of cessation liabilities being triggered.		Averse

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR17 Cyber Security	There is a risk that the Group is subject to a cyber-attack due to a failure of the Group's cyber security arrangements such as: - staff not aware of policies and procedures - technology is out of date - inadequate management of end of life services resulting in an inability to deliver services, and potential financial loss.		IT Cyber Security live tests undertaken and results reported to ET and Group Board. Group IT has an information and cyber security approach that covers i) overall Information security policy for Group, and ii) staff engagement and training across 5 key learning themes. Established processes across key risk areas: Information Security Response / Access Controls / Secure Disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments. Group IT is externally assessed annually on information security and IT General Controls via 3rd party auditors. A Bi-Annual cyber security assessment is conducted by NCC across 20 key control areas. An internal Information Security Working Group has been established within technical teams across Group IT. Biannual cyber security update reported to the Group Audit Committee.		Minimal
DCCRR18 Post-2021 Housing Policy and Grant availability	There is a risk that without sufficient Scottish Government financial support we may be unable to deliver some of the Scottish Government and EESH2 targets in relation to energy efficiency.		Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH. This includes participating in the Scottish Government review of grant availability. A Green Investment Plan proposal has been developed and will form the basis of direct discussions with the Scottish Government. Financial scenario planning in place to understand potential impact on our investment programme -under a variety of grant scenarios.		Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR19 Customer satisfaction	Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.		Customer service excellence is a key element of 2021-26 strategy. We use a variety of methods to collect customer feedback, both during the year and annually. This information helps us understand customer views and informs our delivery and investment plans every year. This will be augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. The new performance management framework will also include a stronger focus on measuring drivers of customer value in our key services. Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach.		TBC
DCCRR20 Customer satisfaction of Shared Owners	Shared Owners do not feel that Dunedin Canmore's homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction and reputational damage.		Customer service excellence is a key element of Dunedin Canmore's 2021-26 strategy. We use a variety of methods to collect customer feedback, both during the year and annually and a Shared Owner Forum is in place. Shared Owner feedback is considered within wider customer feedback to ensure the outcomes reflect the needs and expectations of all customers. Housing Officer has been appointed to lead the management of DC shared owners. Shared Owner Handbook is in place and Housing Officers include management of shared owners within wider neighbourhood walkabout activity. Proposed Action: Separate customer survey approach for shared owners.		Hungry

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR22 Ongoing threat of future waves of Covid-19 and/or another pandemic	The risk of future waves of Covid-19 and/ or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.		Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and/or another pandemic. These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times. We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance.		Minimal
DCCRR23 New operating model implementation	The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.		The Customer Consultation on the new operating model continues, and results of the completed consultation were reported to Boards for consideration. Operational planning for implementation is in progress, including the delivery of the Customer First Centre. A New Business Model Steering Group meets fortnightly to facilitate this planning. Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre.		Open

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
DCCRR24 Covid-19 vaccination roll-out	There is a risk that a lack of clarity over employers' responsibilities in relation to the Covid-19 vaccine, including employment law and data protection implications of requiring staff to notify their employer and / or the vaccine being made mandatory for certain roles, results in reputational damage and / or potential breach of employment law or data protection regulations.		The Employee Relations team continues to consult with employment law advisers to obtain ongoing legal advice. The Group continues to liaise closely with trades unions and staff to develop its approach. Data privacy notices for Care staff have been updated to allow the Group to keep a record of which staff have received the vaccine, and work to updated privacy notices for all Group staff continues. Care management is monitoring uptake levels as part of a local risk assessment approach.		Averse
DCCRR25 Climate Change impact on Group assets and services	There is a risk that the Group's inability to adapt to results of climate change results in damage to the value of our assets and our ability to deliver services.		Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g. "Beast from the East" type events). Climate Impact Assessment report commissioned from external consultants (Foresight report). Performance Reporting team has commissioned report to overlay climate change impacts on Group's geographic locations.		Cautious
DCRR26 Meeting stakeholder expectations on climate change	The Group is not able to deliver climate-change mitigation activities that meet the expectations of key stakeholder requirements and regulatory requirements.		Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an EESSH 2 plan is under development and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a Wheatley Green Investment Plan. We produce an annual ESG report for investors setting out our progress on the environmental agenda, and will produce a sustainability framework for investors to support the raising of sustainability-linked finance in future.		Cautious

Code & Title	Description	Inherent risk score	Existing Controls / Monitoring & Check	Residual Risk score	Risk Appetite
			In addition to ESG reporting, increased public messaging around our work in relation to climate change.		

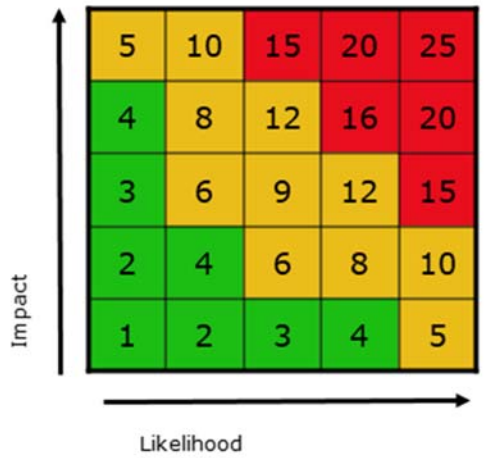
Appendix 2 - Risk Scoring Definitions

Impact scoring for strategic risks

Risk Rating Score	Impact Classification	Reputation	Health, Safety and Welfare	Finance
1	Insignificant	Managed/reported to Business Unit Local media (short term duration)	Minor injury cleared with first aid treatment	Up to £100,000
2	Minor	Managed/reported to Departmental Management Team Local media (short/medium term duration)	Reportable dangerous occurrence (near misses)	£100,001 to £500,000
3	Moderate	Managed/reported to Team and Board Members Regional media (short/medium term duration)	Reportable over three day injuries or reportable diseases	£100,001 to £500,000
4	Significant	Regional/National media coverage (medium/long term duration)	Major reportable injury or injuries	£500,001 to £1M
5	Catastrophic	Third Party Intervention Public Interest Group National/international media (long term duration)	Fatality or permanent disability	Over £1M

Likelihood scoring

Risk Rating Score	Likelihood Classification	Risk Description
1	Remote	Likely to occur greater than 10 years
2	Unlikely	Likely to occur within 5 to 10 years
3	Possible	Likely to occur within 3 to 5 years
4	Likely	Likely to occur within 1 to 3 years
5	Very Likely	Likely to occur within 1 year



Appendix 3 - Risk Appetite Definitions

	1 **Averse**	2 **Minimal**	3 **Cautious**	4 **Open**	5 **Hungry**
	Avoidance of risk and uncertainty is a key Organisational objective.	**Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.**	**Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.**	**Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).**	**Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).**
Risk Category	**Example behaviours when taking key decisions….**				
Reputation and credibility	• Minimal tolerance for any decisions that could lead to external scrutiny.	• Tolerance for risk taking limited to those events where there is no chance of significant repercussion.	• Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure.	• Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure.	• Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks.
Operational and Policy delivery	• Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. • Priority for tight management controls and oversight with limited devolved decision making authority. • General avoidance of systems / technology developments.	• Innovations always avoided unless essential. • Decision making authority held by senior management. • Only essential systems /technology developments to protect current operations.	• Tendency to stick to the status quo, innovations generally avoided unless necessary. • Decision making authority generally held by senior management. • Systems / technology developments limited to improvements to protection of current operations.	• Innovation supported, with demonstration of commensurate improvements in management control. • Systems / technology developments considered to enable operational delivery. • Responsibility for non-critical decisions may be devolved.	• Innovation pursued – desire to 'break the mould' and challenge current working practices. • New technologies viewed as a key enabler of operational activity.
Financial / VFM	• Avoidance of financial loss is a key objective. • Only willing to accept the low cost option. • Resources withdrawn from non-essential activities.	• Only prepared to accept the possibility of very limited financial loss if essential. • VFM is primary concern.	• Prepared to accept the possibility of some limited financial loss. • VFM still the primary concern but willing to also consider the benefits. • Resources generally restricted to core operational targets.	• Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level. • Value and benefits considered (not just cheapest price). • Resources allocated in order to capitalise on potential opportunities.	• Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place). • Resources allocated without firm guarantee of return – 'investment capital' type approach.
Compliance – legal / Regulatory	• Avoid anything which could be challenged, even unsuccessfully. • Play safe.	• Want to be very sure we would win any challenge.	• Limited tolerance for "sticking our neck out". Want to be reasonably sure we would win any challenge.	• Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	• Chances or losing are high and consequences serious. But a win would be seen as a great coup.