

**WHEATLEY HOMES EAST
BOARD MEETING**

**Thursday 22 August 2024 at 5pm
New Mart Road, Edinburgh**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of 23 May 2024 and matters arising
b) Action list
4. Chair and Managing Director update

Main business and approvals

5. 2023/24 Financial Statements
6. Annual Internal Audit Report and opinion
7. Repairs update
8. Homelessness update
9. Performance report

Other business

10. Finance report
11. [redacted]
12. Governance update
13. AOCB

Date next meeting: 19 September 2024

Report

To: Wheatley Homes East Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: 2023/24 Financial Statements

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 The purpose of this report is to provide the Wheatley Homes East Board with an overview of the 2023/24 financial statements.

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes East (“WH East”) and the Wheatley Group and the Terms of Reference for this Board, the WH East Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances and the approval of the statutory financial statements.

3. Background

Financial performance

- 3.1 The financial statements are now complete and have been audited. The financial results are summarised below.

	31 March 2024 £000	31 March 2023 £000
Turnover	61,593	58,549
Operating expenditure	(38,278)	(35,401)
Other gains/ (losses)	1,973	18,445
Operating surplus	25,288	41,593
Gain on disposal of fixed assets	590	647
Net finance costs	(7,936)	(6,757)
Property revaluation – housing properties	20,394	(21,522)
Property revaluation – office properties	(28)	289
Surplus for the year	38,308	14,250
Actuarial loss in respect of pension schemes	(1,265)	(1,646)
Total comprehensive income for the year	37,043	12,604

- 3.2 The finance reports submitted to the Board during the year formed the basis of these financial statements and were updated to include year-end statutory accounting adjustments.

4. Discussion

Adjustments from 31 March management accounts

The adjustments made between the 31 March management accounts and the final audited accounts are summarised below:

	Income & Expenditure £000	Net Assets £000
March management accounts	15,592	249,774
Revaluation of Properties - Housing	20,394	20,394
Revaluation of Properties - Office	(28)	(28)
Revaluation of Properties - Investment	1,973	1,973
SHAPS Pension adjustments	(1,326)	(1,326)
Other	438	438
Statutory accounts	37,043	271,225

- 4.1 The statutory results are updated annually for the outcome of the housing stock valuation by JLL and the inclusion of the updated defined benefit pension scheme actuarial valuations for SHAPS.
- 4.2 Revaluation of Properties: Social housing properties increased in value by £20,394k. Our social housing properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") which will not always reflect the scale of capital investment spend reported in the particular financial year. The increase in valuation at 31 March 2024 reflects the view of our independent valuation expert on the high quality and good condition of our properties.
- 4.3 The results of this year's valuation have been influenced by two key drivers:
- The 7.5% rent increase applied at 1 April 2024 which was higher than the assumed percentage increase at the previous valuation. This increases the future cashflows from rental income on social housing properties which feeds into the EUV-SH model
 - During 2023/24 our valuers (JLL) undertook a detailed review of our future lifecycle replacement data held in our asset management system. This exercise was carried out as part of our assurance around our data which formed the basis of our asset management strategy which was discussed at the May 2024 Board meeting. The JLL review of the asset data confirmed that a high level of reliance (99%) could be placed on our future investment data which increases the level of confidence in the expenditure profile used in the valuation and as a result they have refined their assumptions which results in an uplift in the EUV-SH valuation at 31 March 2024.
- 4.4 Investment properties (mid-market rent homes only): are initially recognised on the balance sheet at cost of construction, then are written down on completion to the tenanted market value for mid-market properties and revalued on this basis annually.
- 4.5 Pension valuation adjustments: The SHAPS defined benefit pension scheme is re-valued on an annual basis by independent actuaries. The 2023/24 valuation resulted in an interest charge on pension obligations of £61k and an actuarial loss of £1,265k driven by asset returns over the last 12 months.

- 4.6 Other: adjustments are made for items following a post year-end review of accruals, a review of final depreciation charges and gains on fixed asset disposals.

Audit summary

- 4.7 The external auditors, KPMG have completed their audit of the financial statements and have issued an unqualified audit opinion.
- 4.8 Through their audit work, one adjustment was identified which was reflected within the financial statements, was £130k to grant income released to the I&E on new build completions and deferred income following the review of the development completion certificates.
- 4.9 As a standard part of the standard audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).
- 4.10 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Association continues in business is based on the preparation and approval of the Association’s 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding provided to Wheatley Homes East through the RSL borrower relationship with WFL1.
- 4.11 The accounts were reviewed by the Group Audit Committee at their meeting on 14 August and recommended for approval. The accounts and the letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 28 August 2024 and the completion of KPMG’s compliance checks. A copy of KPMG’s audit highlights report will be uploaded to Admincontrol.

5. Customer Engagement

- 5.1 This report relates to our financial reporting and therefore there is no direct customer implications arising from the Finance Report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

- 8.1 WH East’s balance sheet continues to strengthen, with net assets increasing by £37.0m to £271.2m.
- 8.2 As shown in the table below, the adjusted operating surplus from core social housing activities increased to £20.2m from £18.4m, with additional repairs costs and a donation of £0.4m to Wheatley Foundation accommodated through an improved income position. After including interest costs and capital expenditure on our existing properties, an underlying surplus of £5.5m is reported demonstrating that operating surplus remains comfortably sufficient to cover all day to day running costs, interest on borrowings and the investment in existing homes to keep them in good condition.

- 8.3 The underlying surplus includes higher interest costs than the prior year due to increased borrowing to fund the development of new build housing. As reported in the management accounts to 31 March the out-turn is managed in the context of the budgetary position and covenants of RSL borrower group which reported an overall surplus.

	2024 £000	2023 £000
Operating surplus	25,288	41,593
Adjusted for:		
Depreciation	14,237	12,248
Investment property valuation movements	(1,973)	1,757
Gain on business combination	-	(20,202)
New build grant income	(14,852)	(16,420)
Gift aid income	(2,537)	(626)
Adjusted operating surplus	20,163	18,350
Less:		
Interest costs	(7,936)	(6,757)
Investment in existing social homes	(6,728)	(6,316)
Underlying surplus	5,499	5,277

9. Legal, regulatory and charitable implications

- 9.1 Under Section 485 of the Companies Act we are required to appoint an auditor for each financial year. Under the Intra-Group Agreement with Wheatley Housing Group we are required to use the Group Auditors. We require to appoint KPMG LLP as the auditors for 2024/25 at the Annual General Meeting. The appointment will be subject to the Group confirming their reappointment at its Annual General Meeting.
- 9.2 Following approval and signing of the financial statements they require to be submitted to Companies House and the annual return made to the Scottish Housing Regulator.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite in relation to compliance with laws and regulation is averse. Averse is defined as "Avoidance of risk and uncertainty is a key Organisational objective."

11. Equalities implications

- 11.1 There are no equalities implications arising from the financial report.

12. Key issues and conclusions

- 12.1 This paper presents an overview of the statutory accounts for the year to 31 March 2024.

13. Recommendations

13.1 The Board is requested to:

- 1) Approve the 2023/24 financial statements;
- 2) Confirm the preparation of the financial statements using the going concern basis;
- 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
- 4) Approve the letter of representation from the auditors and note the related letter of comfort from management.

LIST OF APPENDICES:

Appendix 1 – [redacted] available [here](#)

Appendix 2 – [redacted]

Appendix 3 – [redacted]

Report

To: Wheatley Homes East Board

By: Ranald Brown, Director of Assurance

Subject: Internal Audit Annual Report and Opinion 2023/24

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 This report provides the Board) with the Internal Audit Annual Report and Opinion 2023/24, for noting. The report was presented to and approved by the Group Audit Committee on 15 May 2024.

2. Authorising and strategic context

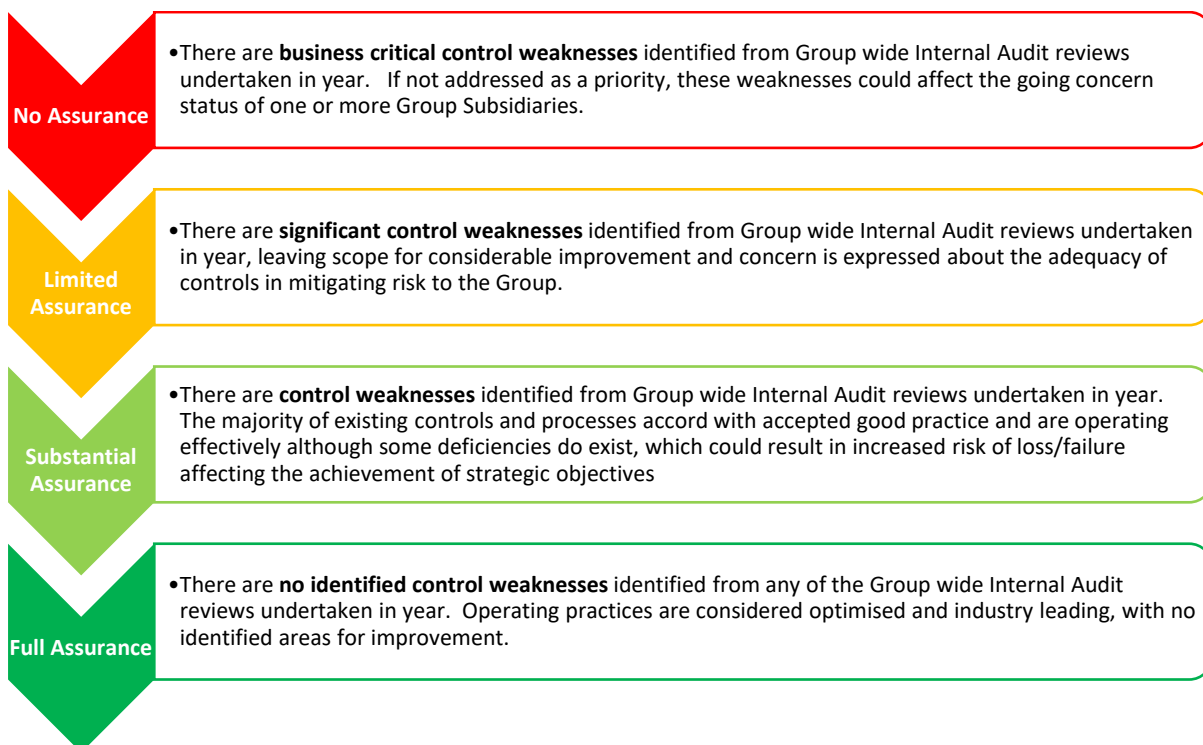
- 2.1 Under its Terms of Reference, the Group Audit Committee is responsible for monitoring the Group's assurance activities, including results as presented in the internal audit annual report and opinion. The 2023/24 Internal Audit Annual Report and Opinion was approved by the Group Audit Committee on 15 May 2024.
- 2.2 Under its Terms of Reference, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.

3. Background

- 3.1 The Group's Internal Audit team operates in accordance with the Chartered Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which includes the International Standards for the Professional Practice of Internal Auditing ("the Standards").
- 3.2 In line with the requirements of the Standards, Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's governance, risk management and control processes.

4. Discussion

- 4.1 A copy of the Annual Report and Opinion has been included at **Appendix 1** for the Board's information. The table below shows the different types of Internal Audit Opinion which may be given:



- 4.2 Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute. Section 3 of the Annual Report at Appendix 1 outlines the Internal Audit work performed on a Group-wide basis, along with subsidiary-specific elements.
- 4.3 During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]
- 4.4 As reporting to the Group Audit Committee during 2023/24, Management has acted promptly to implement audit actions throughout the year, thereby reducing the risk associated with audit findings.

Internal Audit Opinion 2023/24

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance*** can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives. [redacted]*

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.

5. Customer Engagement

- 5.1 There are no customer engagement implications arising directly from this report although action owners may engage with customers to inform decision-making arising in the course of completing assigned actions.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 This report summarises the internal audit work performed during 2023/24. The nature of the risks arising from each piece of work varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.

10.2 Where management considers the risks identified through an internal audit review to be sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category is assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

11. Equalities implications

11.1 This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1 The Internal Audit team has completed its planned work for 2023/24 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.4.

13. Recommendations

13.1 The Board is asked to note the contents of this report, including the Annual Internal Audit opinion detailed in Section 4.

LIST OF APPENDICES:

Appendix 1 – Internal Audit Annual Report and Opinion 2023/24

Internal Audit Annual Report and Opinion 2023/24

*Approved by Group Audit Committee
15 May 2024*

1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2023/24.

The Internal Audit Plan is reviewed and approved by the Group Audit Committee ("the Committee") each quarter and progress against this plan has been reported to the Committee throughout the financial year.

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2023/24 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

This Annual Report summarises the Internal Audit activity and therefore does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to Management and the Group Audit Committee during the year.

Definition of Internal Auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Section 3 – Definition of Auditing; Chartered Institute of Internal Auditors' International Professional Practices Framework

Internal Audit Mission Statement

Internal Audit will enhance and protect the Wheatley Group by providing independent, objective and risk-based assurance and advice.

2. Annual Internal Audit Opinion

Scope

In line with the International Standards for the Professional Practice of Internal Auditing (“the Standards”), to which the Internal Audit function conforms, Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Internal Audit Annual Report, which includes an opinion on the Group’s governance, risk management and control processes, based on the work completed during 2023/24.

Our opinion is subject to the inherent limitations of Internal Audit (covering both the control environment and the assurance over controls) as set out in Appendix 1 (Limitations and Responsibilities).

In arriving at our Annual Internal Audit Opinion, we have taken the following matters into account:

- § the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2024;
- § in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work completed by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- § the effects of any material changes in the Group’s objectives, activities or regulatory environment; and
- § whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2023/24. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or control processes that would put the achievement of Group objectives at risk [redacted]

As reported to the Group Audit Committee, Management has acted promptly to implement agreed audit actions throughout the year, thereby reducing the risk associated with audit findings.

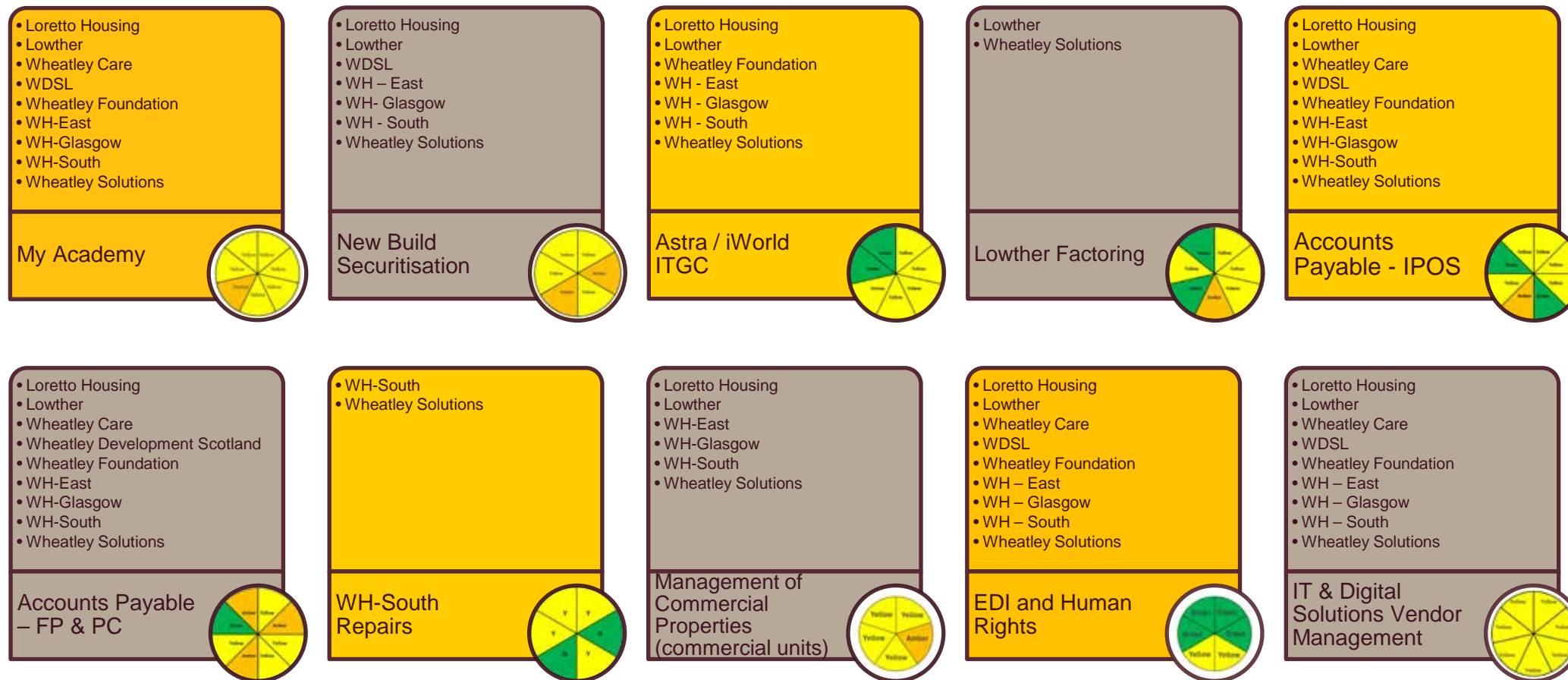
Internal Audit Opinion 2023/24

*Based on our Group-wide work undertaken in 2023/24 a **substantial level of assurance*** can be given that there are sound governance, risk management and control processes in place, designed to support achievement of relevant organisational objectives. [redacted]*

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.

3. Summary of Work Performed

This section summarises the results of Internal Audit advisory reviews completed during 2023/24. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved*, as reflected in the charts below.



Note: IPOS is the Group's automated purchase to pay system. FP (Faster Payments) and PC (Purchase Cards) processes are more manual, and so separate control objective assessments have been provided for the two aspects of the Accounts Payable review.

3. Summary of Work Performed

The Internal Audit team has completed the following advisory, consultancy and analytics reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed.

<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Financial Efficiency Savings Plans	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Data Strategy	<ul style="list-style-type: none">• Loretto Housing• Lowther• WH-East• WH-Glasgow• WH-South• Wheatley Solutions CBG Partnership Oversight Board	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Electrical Testing Certification analytics
<ul style="list-style-type: none">• Loretto Housing• Lowther• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Rent Account Credit Balances analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH-East• WH-Glasgow• WH-South• Wheatley Solutions Repairs Analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Payroll analytics	<ul style="list-style-type: none">• Loretto Housing• Lowther• Wheatley Care• WDSL• Wheatley Foundation• WH – East• WH – Glasgow• WH – South• Wheatley Solutions Accounts Payable analytics

Summaries of the findings of all reviews conducted during 2023/24 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

3. Summary of Work Performed

The Internal Audit team has facilitated an exercise to map legislative compliance requirements in different business areas across the Group throughout 2023/24. Within each business area, the team has worked with management to identify legislative requirements and any detective controls in place that would confirm compliance with those requirements.

The Internal Audit team has used a "show me" approach to confirm control descriptions, for example completing one walkthrough / viewing one instance of a report to confirm understanding of control. This work did not assess i) whether the control is adequately designed to mitigate the identified risk or ii) operating effectively. The purpose of this mapping is to help management determine where additional detective controls may be needed or reflect on the purpose and value of control activity across lower risk areas. The output of each exercise is a "map", as shown below.

	Controls in place to detect a compliance breach	Controls to detect a compliance breach are planned but not yet operating	No controls in place to detect a compliance breach
High consequence from compliance failure	Maintain controls	Consider prioritising implementation of controls	Consider whether additional controls are required
Medium consequence from compliance failure	Maintain controls	Rollout controls as planned	Consider whether additional controls are required
Low consequence from compliance failure	Consider whether controls are required	Consider whether planned controls are required	Consider whether current position is acceptable

The business areas mapped during 2023/24 are:

Complaints	Treasury	IT & Digital Services	Payroll
Litigation Services	Communications and Marketing	Strategy and Performance	Governance
Human Resources & Organisational Development	Financial Reporting	Assets and Sustainability	Procurement, Fleet and Utilities

A final review in 2024/25 of all areas to identify and map any gaps will conclude the legislative compliance mapping review.

3. Summary of work performed

Follow up of management actions

Internal Audit completes follow up activity to verify that management have implemented actions as agreed in our internal audit reports. The follow up activity is undertaken quarterly, with the results reported to each meeting of the Group Audit Committee.

The information below is a summary of all actions followed up during the course of 2023/24.

Our assessment has included review of each action to determine whether:

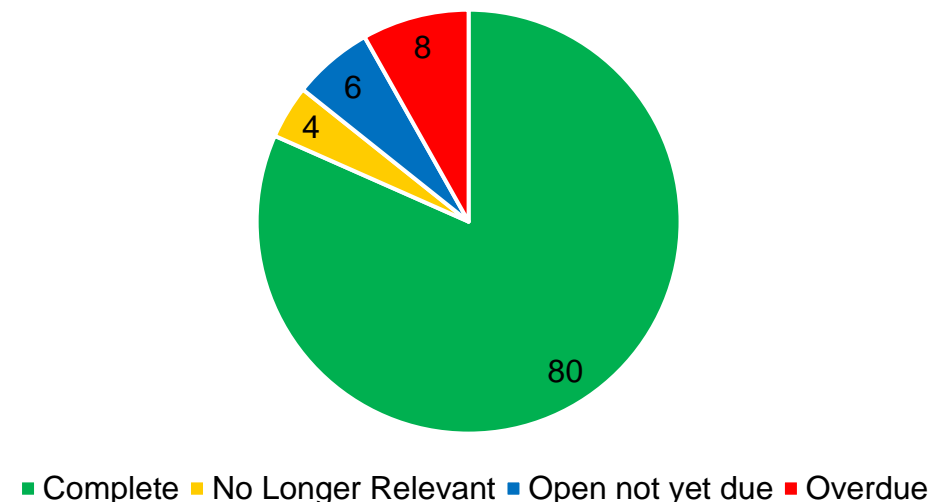
- a) The action has been completed during 2023/24;
- b) The action is no longer relevant or has been superseded;
- c) The action is not yet due for completion; or
- d) The action is overdue for completion.

For the 8 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In each case, we are satisfied that the action is in progress, and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 31 March 2023	16
New actions agreed during 2023/24	82
Total Actions followed up during 2023/24	98

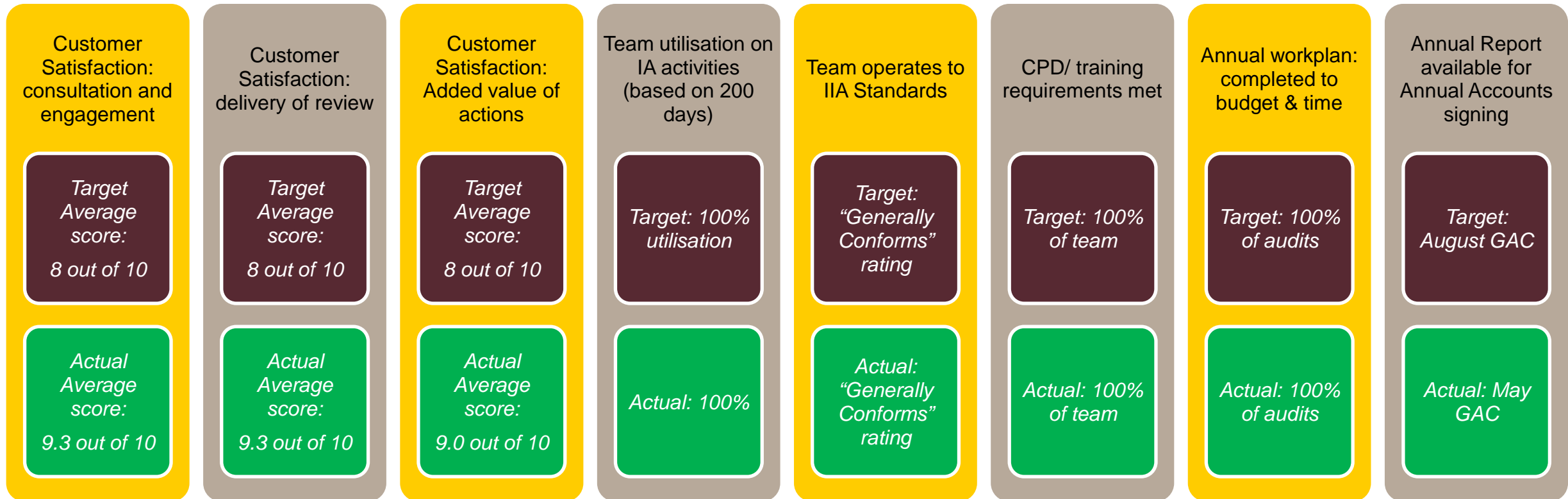
The chart below summarises our assessment of the status of the 98 actions followed up during 2023/24.

Status of Actions at 31 March 2024

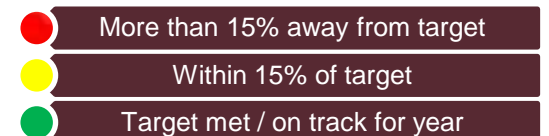


4. Internal Audit Team Performance 2023/24

The Internal Audit team's performance against its agreed KPIs for 2023/24 is set out below. The same KPIs are proposed for 2024/25.



The customer satisfaction measures are based on feedback forms completed by auditees following each review. Performance against target is allocated a Red, Amber or Green rating, as follows:



4. Internal Audit Team Performance 2023/24

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Positive comments received from our customers included the following:

"The audit felt collaborative and driven by an overall ambition to support how Wheatley approaches and continually improves its approach."

"Friendly and professional staff. They guide and support through the process, so it is not intimidating but always thorough."

"Outcomes were discussed with the audit team and plenty of opportunity and time to reflect and discuss with my own teams."

"A very responsive and professional team who understand the business and can recognise areas for improvement and provide ideas for practical changes to be made to protect the objectives of the business."

The responses also highlighted the following opportunities which have been added to our Internal Audit Improvement Plan.

We will explore opportunities to work with management in order to reintroduce front line assurance checks.

§ "Front-line assurance checks were additional security."

We will continue to work with management to develop the team's business knowledge and to agree action plans that improve the efficiency and effectiveness of the delivery of organisational objectives.

The two individual statements that respondents were asked to score with the lowest scores were:

- § Internal audit team members had sufficient business knowledge to help improve processes.
- § The internal audit recommendations raised during this engagement improved the efficiency and effectiveness of delivery of organisation objectives.

5. IA Compliance with Standards

Internal Audit compliance with professional standards

The Internal Audit team employs a risk-based approach to determine the audit needs of the Group at the start of each year, which is reviewed on a rolling three-month basis throughout the year. The team uses a risk-based methodology to plan and conduct our work, and all Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2023 and the exercise will be repeated in September 2024.

Conflicts of Interest

The Internal Audit team is led by the Director of Assurance, who reports to the Group Director of Finance and meets regularly with the Chair of the Group Audit Committee.

The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis.

There have been no conflicts of interest during the year which have impacted on our independence or our ability to report our findings.

6. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2023/24, comprising:

Ongoing monitoring

- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

Annual CPE Completion

- Each IA team member completes training to meet the annual CPE requirement of their professional institute.

Annual self-assessment

- Completed using guidance issued by the CIIA
- Results reported within the Annual Report and Opinion

Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) in December 2023. The internal self-assessment rated performance as:

Generally Conforms

- The evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

"Generally conforms" is the highest rating available.

Appendix 1: Limitations and responsibilities

Limitations Inherent to the Internal Auditor's Work

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as set out in the Internal Audit Plan, subject to the limitations outlined below.

Opinion

The Annual Internal Audit Statement is based solely on the work undertaken as part of the agreed Internal Audit Plan. The work addressed the control objectives agreed for each individual assignment as set out in our individual Terms of Reference. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group.

As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal Control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound governance, risk management, and control processes to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these processes.

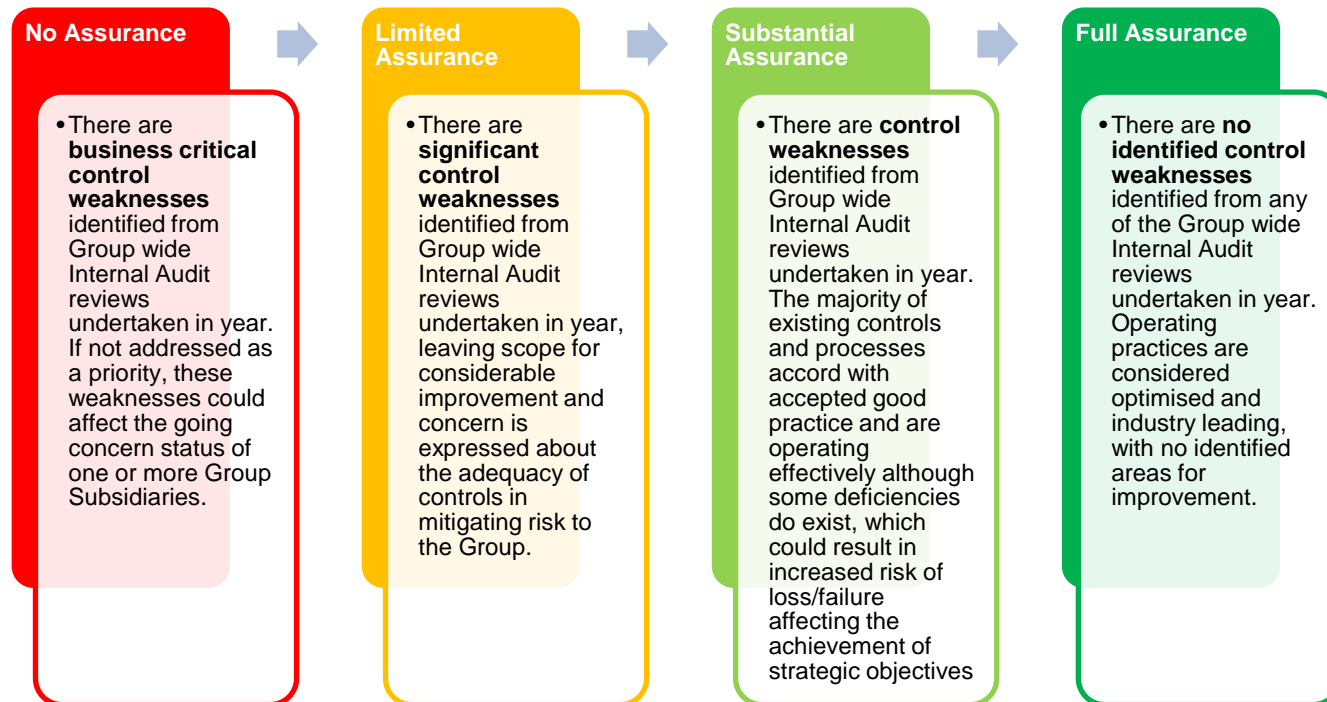
Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities.

Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Assurance Opinion definitions

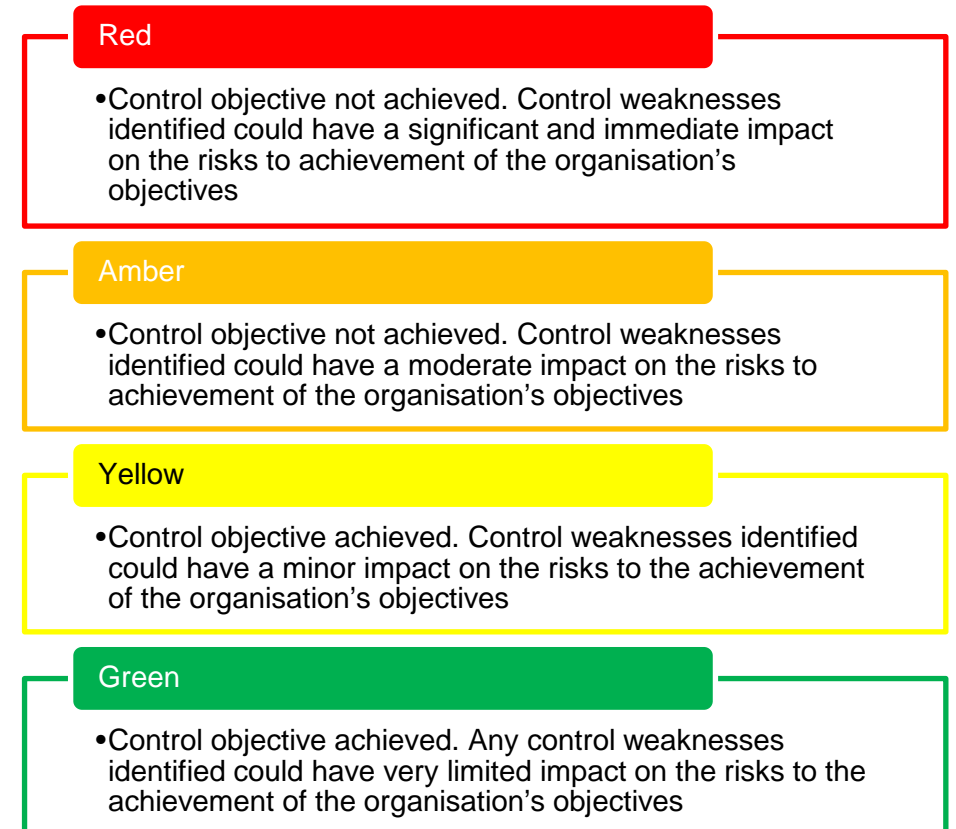
Annual Assurance Opinion Definitions

The table below details the different types of Internal Audit opinion which may be given:



Control Objective Classification

Each control objective is assigned a classification based on an assessment of the impact of individual findings within the report, as follows:



Report

To: Wheatley Homes East Board

By: Danny Lowe, Director of Repairs, Investment and Compliance

Approved by: Frank McCafferty, Group Director of Repairs and Assets

Subject: Repairs update

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 To provide the Board with an update on the following:
- Progress with repairs service enhancements;
 - Ongoing customer engagement to inform future service enhancements; and
 - The repairs budget update for 2024/25.

2. Authorising and strategic context

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

3. Background

- 3.1 As part of the strategy workshop in May, the Board discussed the work underway to evolve our repairs service, based on a wide range of customer insight. This was set within the wider context of Board discussions on how we use customer insight to inform the Board and make service changes based on what our customers tell us.

4. Discussion

- 4.1 Tenant feedback continues to indicate that communication and improving the management and timescales associated with complex repair works i.e. multi trade works are their key priorities and impact how satisfied they are with the service.

To date our response to this focused on:

- The introduction of a new digital communication tool, “Book It, Track It, Rate It” to improve communication;
- Better monitoring of customer experience, to identify areas for improvement; and
- The re-design and introduction of a new service delivery model to improve the customer experience.

Customer communication and satisfaction

- 4.2 As noted in earlier updates to the Board, Book It, Track It, Rate It has now extended to all appointed repairs. Customer feedback to date on the 'Track It' functionality remains positive, with customers continuing to indicate that the text message reminders and updates are an improvement in communication.
- 4.3 'Rate it' seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. Up until the end of June 2024 we have received 563 customer ratings with an average score of 4.3/5, the equivalent of 86%. The response rate is 16.95%.
- 4.4 This continues to represent strong satisfaction levels since the introduction of Book It, Track It, Rate It from a very slightly increasing return rate.

Service Enhancements

- 4.5 We have completed the introduction of the new job management system (Servitor) at the end of March 2024. This has replaced the Genero job management system which had become outdated and was no longer supported by IT or security updates.
- 4.6 As well as improving the management and delivery of the repairs service, this moves us to the same platform as the other parts of the Group which will enhance performance management and reporting. It will also assist in delivering further service improvements particularly around job completion timescales through the removal of manual processes
- 4.7 During the process of planning for, and implementing, the new IT system it became clear that a strengthened support and delivery structure is needed for the repairs team to meet the demands being placed on it in terms of volumes and targets. A new structure was developed and is in the process of implementation, which will see the recruitment of:
- Area managers;
 - Trades team leaders;
 - Planners;
 - Business support officer; and
 - Trades operatives.
- 4.8 The improved working model will deliver a reduction in the requirement to use sub-contractors and will also reduce overtime within the teams.
- 4.9 The move to the new materials supply arrangements through Stark is also well underway. A key part of this new way of working is ensuring van stocks and staff have the right materials when they visit customers' homes to complete repairs. This workstream is on target to be fully completed by the end of August.

- 4.10 This will be further enhanced through the creation of a 24/7 store (drop boxes) for material delivery by Stark in our office in New Mart Road, Edinburgh. This is expected to be fully installed and ready to use by the end of September. When completed, it will reduce the need for the volume of materials deliveries to store and will also help in reducing demands on diaries for trade staff through the removal of follow-on visits to complete repairs works which would have arisen due to issues with materials. Importantly this will increase the first-time repair completions and prevent the need for return visits to customers' homes to complete repairs.
- 4.11 Throughout this period of change we have continued to monitor timescales for the completion of non-emergency repairs which were 7.73 days at the end of 2023/24. As at the end of Quarter 1, the timescale was 7.56 days. Actions have been ongoing to improve the completion timescales, particularly in relation to the improved monitoring and managing of sub-contractors closing repairs timeously on completion.
- 4.12 Improving communications around complex repairs has also been identified as a priority improvement area and this was also highlighted by the Group Scrutiny Panel in their findings from the recent thematic review of repairs and which is referenced later in this report.
- 4.13 To address this issue we have assigned all complex repairs to the area Team Leader to plan, communicate and follow through with the customer and trades. We will monitor the impact of this on customer feedback on the service.

Customer engagement and insight

- 4.14 The Group Scrutiny Panel had selected repairs as the subject for its first thematic review which concluded in November 2023 and reported to Boards thereafter on their findings. The Panel had selected communications to be the focus of the review and as part of their work, they scrutinised the end-to-end customer repairs journey, from the initial report through to completion.
- 4.15 The Panel then developed a final report which made recommendations on how we could improve the service and we undertook to continue to work with them over the first half of 2024 to deliver these.
- 4.16 At an update meeting with the panel in June 2024 they expressed their support for the work that had been carried out on the agreed actions and looked forward to continuing to work jointly with us to continue to improve the service.

Damp, Mould and Condensation

- 4.17 Performance in relation to numbers of current cases and their status is included in the separate performance report to Board.
- 4.18 At this time of year, given the improved weather conditions generally experienced and the changes that this brings to customer behaviours in respect of heating and ventilating their homes, case numbers generally reduce.

- 4.19 Conversely, we would expect the case numbers to rise again in October/November as these factors are reversed.
- 4.20 In preparation for this we are currently considering proactive actions that we will look to take to help reduce the build-up of mould/condensation in our customers' homes over the winter period which will include:
- Identifying customers who have reported issues with damp and mould on 2 or more occasions this year. These customers will then be contacted to identify and put in place any supports that are needed; and
 - A reminder of our 'See it, Report It' campaign will be issued to the frontline delivery teams to reiterate our messaging around the seriousness of damp and mould in tenants' homes and staff responsibility when in tenants' homes to identify and report immediately any issues relating to damp or mould to ensure we respond timeously.
- 4.21 Damp and mould cases will be monitored daily throughout the winter and resources adjusted accordingly to ensure we continue to meet our response timescales.

Demand and budget position

- 4.22 Levels of customer demand for repairs is consistent with 2023/24 levels, and as a result the costs are in line with budget for the period to June 2024.
- 4.23 The repair/renewal principle implemented in 2023/24 has continued to help control costs in capitalised repairs spend with capitalised repairs costs being slightly below budget to June 2024. As a result of this, the overall spend for the financial year is expected to be in line with budget.
- 4.24 The 2024/25 Business Planning process had taken into account the run rates in responsive repairs, stock movement, inflation increases and also the control measures implemented during 2023/24. With the responsive repairs results for Q1 being within budget the forecast financial outturn for responsive repairs for 2024/25 has been kept in line with the budget.

5. Customer Engagement

- 5.1 We carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of Book It; Track It; Rate It.
- 5.2 Following the roll out of this to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.

- 5.3 As noted earlier the Group Scrutiny Panel identified the repairs service as one of its key priorities and have recently concluded a thematic exploration of our repairs communication. The Group also reviewed the updated Group Repairs and Maintenance Policy Framework. The thematic group have welcomed the service improvements that have recently been completed or are underway and noted that the points of clarification they had made for the Policy Framework have been addressed.

6. Environmental and sustainability implications

- 6.1 Using our Dynamic Route Scheduler (DRS) we ensure trade operatives are not travelling unnecessarily thereby reducing and limiting Co² emissions. This reduction is being supported further through the service improvement actions to reduce the number of visits needed to complete repairs.

7. Digital transformation alignment

- 7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.
- 7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service.

8. Financial and value for money implications

- 8.1 The repairs improvement plan implemented will ensure there is an embedded process to deliver value for money to customers.

9. Legal, regulatory and charitable implications

- 9.1 There are no direct legal, regulatory or charitable implications.

10. Risk Appetite and assessment

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

11. Equalities implications

- 11.1 Equalities impact assessments have been completed for the Repairs and Maintenance Policy Framework and the Managing Damp, Mould and Condensation Policy. These have identified a number of actions that are currently ongoing and being monitored.

12. Key issues and conclusions

- 12.1 The repairs service is a key priority for our customers and a key driver of satisfaction.
- 12.2 Book it, Track it, Rate it has been implemented, improving communication and providing excellent information and feedback. This has made a positive impact on the level of customer service and has increased customer satisfaction.
- 12.3 We will continue to focus on continually evolving and improving our repairs service, considering customer feedback, insight and direct engagement with our Group Scrutiny Panel.
- 12.4 The demand for repairs, consistent with the wider sector across the UK, remains higher post pandemic.

13. Recommendations

- 13.1 The Board is asked to:
 - 1) note the progress with repairs service enhancements;
 - 2) note ongoing customer engagement to inform future service enhancements;
and
 - 3) note the updated repairs budget position for 2024/25.

LIST OF APPENDICES

None

Report

To: Wheatley Homes East Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Managing Director of RSLs

Subject: Homelessness update

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 This report provides an update on our progress towards the key commitments within our Homelessness Policy and highlights our contribution to preventing and alleviating homelessness, including our response following the declaration of a housing emergency by the Scottish Government on 15 May 2024.

2. Authorising and strategic context

- 2.1 Our approach to homelessness, and the contribution we make in terms of social housing provision, are key strategic aims within our Strategy. The Homelessness Policy and the commitments within support our strategic theme of 'Changing Lives and Communities'.

3. Background

- 3.1 Our first Homelessness Policy was developed in 2020 setting out our commitment to tackling and alleviating homelessness. It is a key contributor to the strategic aims within our Strategy and sets out how we will work with our customers and our key partners to reduce homelessness while creating balanced and peaceful neighbourhoods. The policy was developed and aligned with the Scottish Government's long-term strategy for tackling homelessness which is set out in the Ending Homelessness Together action plan. The action plan sets out how national and local government and third-sector partners will work together to end homelessness.
- 3.2 Since our last update to Board in August 2023 we have seen a worsening national situation in relation to homelessness, culminating in eight local authorities declaring a housing emergency between June 2023 and June 2024, including City of Edinburgh (CEC), Fife (FC) and West Lothian (WLC). This Scottish Government announced a national housing emergency on the 15th of May this year.

- 3.3 The Scottish Government cited unprecedented pressures including a sharp rise in the number of people presenting as homeless, a rise in the use of temporary accommodation and an increase in the number of households living in temporary accommodation that breaches the unsuitable accommodation order.
- 3.4 More than 20,000 homeless applications were received across Scotland in the period April–September 2023. This represents a 3% increase compared to the same period in 2022. This varied greatly across local authorities.
- 3.5 As the largest of the Local Authority areas within which we operate, Edinburgh received 1,738 homeless applications in the first six months of 2023/24 which was a 5% increase from the same period in the previous year. Nationally we are expecting the trend to continue when the full year 2023-24 figures are published in the coming weeks.
- 3.6 As a result of the increase in homelessness applications, there has been a surge in the number of individuals living in temporary accommodation across Scotland, with 15,625 households in temporary accommodation at the 30 September 2023. Edinburgh had 3,749 households in temporary accommodation, an 11% increase from the same time the previous year.
- 3.7 In addition, we have seen an increase in households being placed in temporary accommodation that breaches the unsuitable accommodation order with Edinburgh reporting 765 in the period April–September 2023. Wheatley Care currently provide a Housing Support Service from our temporary accommodation service based at Dunedin Harbour Hostel. This service supports around 100 people annually. Individuals engaged with the service experience complex needs including issues of mental health, addictions and those who have been excluded from other services across the city. The service has developed a reputation as being a trusted provider who is agile and flexible in their response to what's best for people. Wheatley Care have also redesigned and extended their Housing Support provision to 38 of our temporary accommodation flats, dispersed across the city. This is directly supporting the intense demand Edinburgh are experiencing in the need for housing and support within their purchased homeless provision.
- 3.8 The experience of the other areas where we hold stock but have not declared a housing emergency have seen a decrease or smaller increase in homeless applications except for Midlothian which experienced a 26% increase to 348 between April-September 2023 compared to 277 in the same period in 2022. Yet it experienced an 8% decrease in households in temporary accommodation and reported no breaches of the unsuitable accommodation order between April-September 2023.
- 3.9 Prevention of homelessness, supporting the alleviation of homelessness and working with partners to respond to the housing emergency are key strategic objectives for us. We provide a significant contribution in responding to the national challenges. The Homelessness Policy already reflects most of the actions being identified in draft emergency action plans.

4. Discussion

Homelessness and our policy commitments

- 4.1 The Homelessness Policy sets out our key commitments including that we will provide 50% of our available homes to homeless households and contribute to the overall Group aim to:
- Let 10,000 homes to homeless households;
 - Create 500 Housing First tenancies; and
 - Flip 500 homes from temporary to permanent accommodation.
- 4.2 Significant progress has been made in the first three years of implementing the policy and we are well on track to achieving the 5-year targets. At the end of July 2024, we have provided over 964 homes for homeless households towards the overall commitment.
- 4.3 Housing First is aimed at those who have multiple and complex needs. The Housing First approach ensures those with high support needs are allocated settled accommodation with intensive support. We are sector leaders in Housing First and have made a significant contribution to Housing First in our areas of operation. We are making good progress and at the end of July we have housed 79 customers.
- 4.4 Flipping of tenancies refers to the opportunity to convert or 'flip' temporary accommodation to a permanent home to reduce transitions for homeless households where the property is of the right size and in the right location. We are on track to meet this target with 13 flips provided.
- 4.5 Our Homelessness Policy is more important than ever with the increasing demand and pressures on homelessness services. Local authorities are requesting a greater share of allocations of social rented homes to homeless households to reduce the pressure on temporary accommodation and demand on their homelessness services. We have always been a sector leader in terms of both the number and percentage of properties which we make available to homeless households.
- 4.6 Following CEC's declaration of a housing emergency in November 2023, we reviewed our contribution taking into consideration and striking a balance between the growing need for more settled accommodation for homeless households and the demand on our waiting list.
- 4.7 The board agreed to increase our contribution for 2024/25 to 60% of our available homes. In Edinburgh between 1st April and 31st July, we have let 84 (67%) of our lets to homeless applicants. In all other local authority areas where we operate, we continue to provide 50% of our relevant homes. Up to the end of July, we have let a total of 100 homes to homeless applicants.
- 4.8 During 2025 we will review our policy in preparation for launching a new Homelessness policy to sit alongside our new strategy taking us beyond 2026. An interim review will ensure the policy reflects the current national pressures and the revised ask from our local authority partner.

Housing emergency response

- 4.9 Following Edinburgh, Fife and West Lothian declaring housing emergencies we have engaged with them and key stakeholders to ensure we are building on our strong relationships. Our response includes supporting them with participation at key stakeholder events, our new build programme increasing our lets to homeless households, moving to a matching approach, where appropriate, to maximise our lets to homeless households and ensuring key components that can impact our response such as void management are robustly managed.
- 4.10 In Edinburgh we have been part of several sessions mapping services and supports across the city. One key area of Edinburgh's Housing Emergency Action Plan is the intention to review the Edindex allocation policy. As a member of the Edindex Board we will be included in this. Having recently undertaken a review of our own allocation policy we have offered our support and to share any learning from our recent experience. It is expected that a review of good practice will be commissioned prior to any formal consultation.
- 4.11 Following Board approval in November we began working with CEC to develop and implement a matching process to match homeless customers to our homes. We began matching to develop a rapid rehousing response to those in B&B and hotel accommodation in the city. Since commencing this approach in January 2024 we have rehoused 62 customers, with 88% of them being rehoused within 6 weeks of us receiving the referral. This targeted approach has been developed to ensure our most vulnerable customers are accessing homes that meet their needs as quickly as possible.
- 4.12 We have played a pivotal role since the Housing First Pathfinder first launched and were one of the main contributors to Housing First in Edinburgh, providing homes for 79 customers. Over the next year, we will continue to work closely with partners to contribute to and develop the Housing First model in Edinburgh and other Local Authority areas where a need is identified.
- 4.13 Effective void management has always been a priority for us and our performance on void turnaround is considerably better than the Scottish average. Last year, we achieved an average of under 14 days to relet a property. We are currently awaiting publication of the 2023/24 ARC return. However, in 2022/23 landlords across Scotland reported an average of 56 days to relet a property. Strong void performance supports a rapid rehousing approach.
- 4.14 We have a significant new build programme which will support our commitment to alleviating homelessness. Our ambition is to deliver a total of 360 new homes in 2024/25 (199 social and 161 mid-market rent homes). Up to the end of July 81 new build homes have been handed over and let to customers.

- 4.15 Our mid-market rent (MMR) homes can be an important option for households who become homeless or are threatened with homelessness. This is particularly important given the acute shortage of social rented homes to meet need in this area. We are working with our partners to raise awareness of and promote MMR as an option. This will enable rapid access to a rented home for those where MMR is suitable.

Housing Bill and prevention of homelessness

- 4.16 While there are significant pressures on homelessness services, the Scottish Government is still committed to progressing the new Housing Bill which was published on 27th March 2024. One element of the new bill has a direct impact on homelessness and will introduce an 'ask and act' duty on social landlords and bodies such as the health board and police to ask about a person's housing situation to avoid them becoming homeless wherever possible.
- 4.17 We already undertake significant prevention of homelessness activity and build this into our business-as-usual activities such as rent arrears management and response to antisocial behaviour. We utilise a range of wraparound support services from our Welfare Benefit Advisors to Home Comforts service to support our customers to remain in their homes.
- 4.18 We do not foresee any significant impact in relation to our current practice with the implementation of 'ask and act'. The Housing Bill is currently at stage 1 in the Scottish Parliament. It is expected stage 1 will conclude by the end of November 2024 before progressing through parliament.
- 4.19 In the last year we have launched our furnished lets service. Our new service offers flexible furniture packages to customers in need and includes carpets for every room, white goods, and furniture. It can be for new customers looking for help to furnish their home or existing customers who are in crisis. Costs are recovered via a service charge added to customers rent account. Our launch of the service has come at a time when Scottish Welfare Fund (SWF) budgets are particularly stretched with CEC changing their priority level from 'High' to 'High Most Compelling'. We will be reviewing customer feedback on the new service offering later this year to look at ways we can continue to develop and improve the service. Having a flexible, substantial furnished lets service supports more rapid rehousing of individuals who may not have the financial resource to set up a home.
- 4.20 We adopt a holistic approach to the prevention of homelessness and actively work with our customers and partners to prevent homelessness where possible. We are fortunate that we can draw down on a range of wraparound supports including utilising our allocation policy; maximising customer income and offering job and training opportunities through the Foundation. This is reflected in our tenancy sustainment remaining high at 91.89% for homeless customers last year.

5. Customer Engagement

- 5.1 Over the last year we launched our digital feedback tool MyVoice for allocations. This provides real time feedback from customers on their satisfaction with the allocations process. We are pleased to note that our customer satisfaction score has remained consistently high throughout the year. The current average score is 4.7, with over 81% of customers scoring 5 out of 5. Over the next year we will work to segment this data further into different applicant profiles and determine any improvements we can make broadly and specifically in supporting customers who have previously been homeless.
- 5.2 We are currently undertaking a joint research project with the Scottish Federation of Housing Associations (SHFA) on experience of applicants and staff working in allocations across Scotland. We have engaged with customers and promoted the opportunity to participate in the research across our social media channels. Following individual interviews, we are scheduled to launch the staff experience survey around September and will publish the findings later this year.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 Our allocations service MyHousing is a fully digital customer service. However, support is available face-to-face for prospective tenants who may need assistance to complete a housing application.

8. Financial and value for money implications

- 8.1 We will continue to explore all available funding opportunities to maximise our contribution to homes for homelessness.

9. Legal, regulatory and charitable implications

- 9.1 Registered Social Landlords have a legal duty to assist local authorities in their homelessness duties. We are also required to report on a range of related indicators in the Annual Return on the Charter.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite in relation to making the most of our homes and assets and increasing the supply of new homes is Open. This level of risk tolerance is defined as willing to choose options that are most likely to result in successful delivery while also providing an acceptable level of risk/reward.
- 10.2 The approach set out in the paper has considered the wider impact that providing increased housing for homeless households will have on our other waiting and transfer list customers. Our letting forecast is reviewed annually to take account of this.

11. Equalities implications

- 11.1 An Equalities Impact Assessment has been carried out for the Homelessness Policy. This assessment reviewed the impact of actions against the protected characteristics identified in equalities legislation. It showed that the Policy will have a positive or neutral impact on all characteristics.
- 11.2 We now report on equalities information anonymously from our MyHousing housing lists which includes homeless customers.

12. Key issues and conclusions

- 12.1 We are a strong contributor to the national objective of alleviating homelessness.
- 12.2 We are on track to support the delivery of the key Homelessness Policy commitments, at the end of July we have let 964 homes to homeless households, flipped 13 properties from temporary to permanent accommodation and provided 79 Housing First homes.
- 12.3 Following the recent Scottish Government declaration of a national housing emergency we are working closely with key stakeholders and local authorities to respond to this. Part of our response includes reviewing our contribution to homeless allocations with a commitment to provide 60% of our homes this year in Edinburgh, our largest operating area.
- 12.4 As the new Housing Bill progresses through parliament, we will closely monitor this to ensure we are fully compliant when it finally comes into force.
- 12.5 The Homelessness Policy will be updated to reflect the revised ask and commitment to homeless lets this year and preparation will begin for the new Homelessness Policy that sits alongside the new Strategy and will take us beyond 2026.

13. Recommendations

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

LIST OF APPENDICES:

None

Report

To: Wheatley Homes East Board

By: Laura Henderson, Managing Director

Approved by: Alan Glasgow, Group Managing Director of RSLs

Subject: Performance Report

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 This report presents an update on performance delivery against targets and strategic projects for 2024/25 to the end of Quarter 1.

2. Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets.
- 2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF").
- 2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets at its meeting in April 2024. Our Board subsequently agreed our specific performance measures and targets at our meeting on 21 May 2024.

3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2024/25. Unless specified otherwise, results for all measures are based on year-to-date figures.
- 3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator ("SHR") as part of the Annual Return on the Charter ("Charter") 2024/25.
- 3.3 We refer to available benchmarks, taken from Scotland's Housing Network ("SHN") member averages 2023/24. These averages are based on 119 RSL and LA SHN member responses, shared voluntarily. The SHR will publish Scottish averages for 2023/24 in late August 2024.
- 3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 2 continue to report legacy properties as "WHE A" and former WLHP properties that transferred in August 2022 as "WHE B". The main body of the report uses combined "WHE C" figures.

4. Discussion

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



Delivering Exceptional Customer Experience

Customer First Centre

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

Table 1

Measure	2024/25		
	Value YTD	Target	Status
WHE - CSAT score (customer satisfaction)	4.2	4.5	
WHE - Call abandonment rate	6.88%	5%	
WHE - Call abandonment rate - those waited over 30secs and abandoned	4.93%	4%	
Group - % of contacts to CFC resolved within CFC	87.68%	90%	

- 4.3 Customer satisfaction with the CFC (known as CFC CSAT) remains the key measure, ensuring we place our customers' voices at the heart of performance management. Our overall CFC CSAT score was 4.2 at the end of quarter 1, the same as at the end of quarter 4. Our in-month CFC CSAT score for June was 4.4/5.
- 4.4 The call abandonment rate for our customers remains over the 5% target and has increased during quarter 1 to 6.88%, from 5.32% in quarter 4. The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call, better represents the aspect of the service that may be in the CFC's control. This is 4.93%, against a 4% target.
- 4.5 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs, was 87.68% at the end of quarter 1. This includes resolution on the phone, with specialist teams and via digital contact.

Tenancy Sustainment

- 4.6 Tenancy Sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their tenancy for longer, improvement in this measure reduces lost rent and resources required for re-letting.
- 4.7 We continue to support our new customers to sustain their tenancies and to exceed targets in both the Charter measure and our revised indicator (which excludes deaths and transfers to other homes in the Group). The Charter SHN member average for 2023/24 is 91.11%.

Table 2

Tenancy Sustainment	Charter – All lets	2024/25 Target - Charter	Charter – Homeless Lets	Revised	2024/25 Target - Revised
WHE	90.22%	90%	91.89%	93.62%	91%

Allocations CSAT

- 4.8 Our Allocations MyVoice survey commenced on 1 August 2023 to measure our customers' satisfaction with the process of getting their new home. From this date to 30 June 2024 satisfaction is high at 4.7 against the 4.5 target.

Table 3

Allocations CSAT	2024/25 – Rolling year	2024/25 Target
WHE	4.7	4.5

**Making the Most of Our Homes and Assets**New Build Programme

- 4.9 Our target is to deliver a total of 360 new homes in 2024/25 (199 social and 161 MMR homes).
- 4.10 We have had 89 handovers, 62 social housing and 27 mid-market properties, this year to the end of quarter 1, ahead of target as shown in the table below.

Table 4

Sites	Handovers (YTD)	Target (YTD)	Difference in handovers to 30 June
Rowanbank (Social)	33	33	0
West Craigs (Ph 1) (Plot 4) (MMR)	13	0	+13
Blindwells Plot 11 (Social)	6	0	+6
Doctors Field	12	0	+12
South Fort Street (Social)	11	0	+11
South Fort Street (MMR)	14	0	+14
Totals	89	33	56

- 4.11 The purchase of the first 6 units at Blindwells completed on 28 June 2024. The remaining 17 units are expected to complete during July 2024. Golden brick was achieved on a further 15 units at Sibbalds Brae in Bathgate on 27 June 2024. The golden brick completion date for the remaining 4 plots is August 2024.

Volume of Emergency Repairs

- 4.12 A number of service enhancements are underway following the migration to our new repairs system, full details of this can be found in the separate repairs paper.

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

Table 5



Completed emergency repairs	YTD 23/24	YTD 24/25	Variance
WHE	1,895	1,938	2.27%

- 4.14 We have carried out 43 emergency repairs more than the same point last year, a variance of 2.27%.

Repairs Timescales and Right First Time

- 4.15 Our average time taken for emergency repairs is 3.24 hours at the end of quarter 1. While still above the 3-hour target, this is an improvement on 3.39 hours in 2023/24 and better than the SHN member average of 3.74 hours for 2023/24.
- 4.16 The below table also shows the average time taken for non-emergency repairs at 7.56 days, just above this year's target of 7.5 days. This is an improvement on 7.73 days last year.

Table 6

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
WHE	3.00	3.24 	7.5	7.56 

- 4.17 Right first-time repairs performance year to date to the end of quarter 1 is just below the 90% target at 89.03%.

Table 7

Percentage of repairs right first time (Charter)	2023/24	2024/25 YTD	Target
WHE	92.87%	89.03%	90% 

Rate It

- 4.18 Our 'Book It, Track It, Rate It' app aims to improve visibility and communication during the repair journey. The Rate It element was launched on the 7 June last year, providing an opportunity for customer feedback on repair appointments.
- 4.19 For the year to date following launch, our 'Rate It' score is 4.3/5 (from 563 customer responses, representing 16.95% of feedback links shared with customers).

Repairs Satisfaction

- 4.20 Given our desire to move to real-time feedback and our recent migration to Servitor, we have commenced a pilot repairs satisfaction survey using SMS in place of previous whitemail. This will allow tenants to provide instant feedback on a repair completion and ensure that we can timely respond to this feedback as necessary. The Board will be updated at future meetings.

Responsive repairs: Damp and mould

- 4.21 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC are now raising every job related to damp, mould, condensation or rot as a mould line.
- 4.22 We have attended 81.4% of mould inspections within 2 working days in quarter 1. The table below details the inspections with category. We have had one severe case, with remedial work now complete.

Table 8


Inspections completed	No mould found	Category		
		3 (mild)	2 (moderate)	1 (severe)
184	21	142	20	1

- 4.23 In this quarter, 84.7% of remedial repairs were completed within 15 working days. In June, the in-month average time was only 10.1 days to complete these repairs.
- 4.24 As at the 1 August 2024, we had 32 live inspections. At the same date, we had 30 live remedial repairs, of which 10 were overdue against the 15 working day completion target. The reason for those overdue primarily relates to resource levels during July, which have now returned to normal.

Medical Adaptations

- 4.25 Time to complete medical adaptations remains within the 25-day target at an average of 20.77 days year to date. We have completed 31 adaptations, and currently have 18 households waiting.

Table 9

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
WHE	18	31	20.77	25 

Gas Safety

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

Compliance

- 4.27 We have made good progress with our compliance programmes in quarter 1. All of our relevant properties (45) are compliant with Legionella assessment requirements. We have carried out safety inspections on all our passenger and domestic lifts.
- 4.28 At the end of quarter 1, we have reduced the number of properties without a valid EICR to 7, from 9 at the end of 2023/24. In addition, we are making excellent progress with inspection of the EICRs due to expire before 31st March 2025 with 39.22% complete at this point.

Health and Safety

- 4.29 In 2023/24, we had 2 RIDDORs reported and this year to the end of June we have had no reportable incidents.
- 4.30 We also have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.
- 4.31 We have received no new employee liability claims during quarter 1, with none received in 2023/24.

Workplace Fires

- 4.32 We have not had any workplace fires in quarter 1 and have not recorded any since the measure started in 2021.



Changing Lives and Communities

Peaceful Neighbourhoods

- 4.33 The number of tenancies categorised as Peaceful increased slightly from 76.16% at the end of 2023/24 to 76.35% this quarter. We also continue to perform better than the target of 75%.

Anti-Social Behaviour (ASB) Resolved

- 4.34 By the end of quarter one, the resolution rate for WHE ASB cases was 89.23%, below the target of 100%.

Table 10

ASB Resolution Rate	YTD	2024/25 Target
WHE	89.23%	100% 

- 4.35 We have a strong focus on ensuring high visibility of unresolved cases within each area/patch to help support oversight and improvement. ASB resolution and timescales will also be a strong performance focus over the coming periods and we expect performance will improve during Q2.

Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.36 Year-to-date to June, ASB was recorded at 38 repeat addresses within WHE. While this is an increase compared to the baseline performance of June 2022 (21 repeat addresses), it should be noted that an increase in case numbers was anticipated this year. Our new Safer Communities system provides more accurate address details on which to base this measure and we now have a designated Antisocial Behaviour Intervention and Prevention (ASBIP) officer.

Accidental Dwelling Fires

- 4.37 This year we have had six accidental dwelling fires to the end of quarter one, compared to the two we had to the same period last year and 9 for the full year 2023/24. Of the six fires this year, five were minor in either a kitchen or a bedroom and one was significant. The significant fire started in the garden and spread to the fabric of the building.

Table 11

Number of recorded accidental dwelling fires	2024/25 YTD	2023/24
WHE	6	9

- 4.38 Our Group Strategic result is to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 210 ADFs in 2020/21. We achieved this target in each year of the strategy to 2023/24.
- 4.39 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 12

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

Reducing Homelessness

- 4.40 We have provided 89 homes to homeless households this year to date to June. Our percentage of relevant lets made to homeless applicants in the first quarter is 66.12% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).

Table 13

Reducing Homelessness	2024/25 Number of lets to homeless applicants (ARC) - YTD	2023/24 Number of lets to homeless applicants (ARC) – full year
WHE	89	274

NETS CSAT(Ad-hoc)

- 4.41 Our NETs MyVoice survey continues to measure our customers' satisfaction with an ad-hoc service they requested, such as bulk uplift, tree work or weeding. Satisfaction from this date to 30 June 2024 is 4.1 against the 4.3 target.
- 4.42 Feedback from the surveys is regularly reviewed to identify service improvements. During quarter 1, this identified that for some customers the point at which an ad-hoc request had successfully been completed was not always clear. In turn, our NETs have developed a calling card, now left with the customer at the time the ad-hoc request has been completed. We expect that this will help improve visibility and thus our NETs CSAT score.







Table 14

NETs CSAT (Ad-hoc)	2024/25 – Rolling year	2024/25 Target
WHE	4.1	4.3

Jobs and Opportunities

- 4.43 228 children and young people have been supported from our homes and communities in quarter one. This includes two new projects – a parent and toddler group based at Slateford Green and a Youth Group based in Niddrie.
- 4.44 Year to date, the Wheatley Works staff have supported 51 training and employment opportunities for people in our homes and communities including generations UK's IT and cyber safety training programme, RUTS Mechanics programme and Moving Forward employability development programme
- 4.45 Over 420 people from our homes and communities have been supported to access projects to alleviate the impacts of poverty so far this year. This includes 345 households who received Welfare Benefits Advice.

Table 15

Indicator	Target (YTD)	Current Performance YTD	2023/24
WHE - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	41	228 	124 
WHE - Total number of jobs, training places or apprenticeships created for customers and communities	22	51 	220 
WHE - Number of people accessing services which help alleviate poverty in Wheatley Communities	247	422 	1,257 





Developing our Shared Capability

Sickness Absence

- 4.46 From quarter one this year, the sickness rates for housing and repairs staff have been broken down to allow managers to have a more bespoke understanding and approach to absence management.
- 4.47 As the table below shows, we are just below the 3% sickness target for housing staff at 2.99% year to date to June. For repairs staff, sickness rates are currently above the 5% target at 6.49% year-to-date.
- 4.48 The combined rate for WHE is currently 5.31% which is higher than the result at the end of 2023/24.

Table 16

Sickness Rate	Target	2024/25 YTD	2023/24
WHE – Housing staff	3%	2.99% 	-
WHE – Repairs staff	5%	6.49% 	-
WHE – Total	N/A	5.31%	3.50%

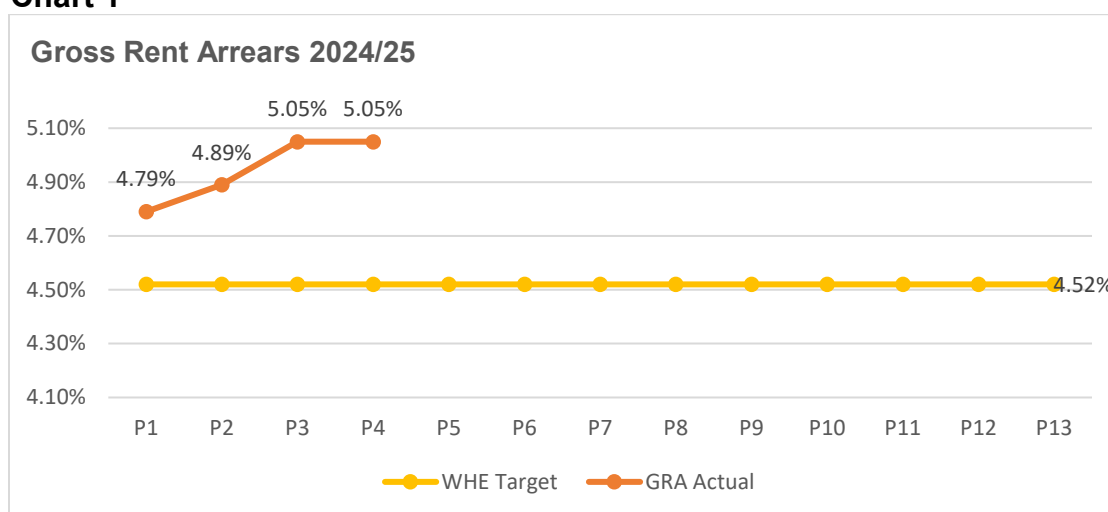
- 4.49 Accident/Injury (non-work related) was the dominant reason for absence in Q1 accounting for 37% of total absence during this period.
- 4.50 Employee Relations are continuing to audit short-term sickness to check that all available support is being offered and that, where appropriate, formal sickness absence management processes are being applied. This will be supported by refresher training for managers. The ER team has also been realigned and a dedicated team focusing on absence has been created.
- 4.51 Further assistance for staff members experiencing issues and managers supporting staff members was provided in Q1 via a variety of new workshops including Supporting Staff Through Bereavement, Financial Wellbeing and Stress & Anxiety workshops.
- 4.52 These workshops will run throughout 2024 and will complement existing support services for stress and anxiety offered through our Employee Assistance Provider, our bespoke counselling services and through e-learning modules.
- 4.53 Wellbeing workshops focusing on health and wellbeing from a preventative approach / early awareness also took place in Q1 with our spring health checks attended by 28 housing colleagues across the Group.



Enabling our Ambitions

Gross Rent Arrears

Chart 1



- 4.54 Our GRA at 5.05% is only 0.06 percentage points from where we had anticipated we would be at this point in the year. We have also seen a further reduction in July. The SHN member average for 2023/24 has shown an increase to 7.17% compared to the SHR average of 6.9% in 2022/23. We continue to outperform these benchmarks.
- 4.55 Performance remains a key focus with arrears sessions held with Housing Officers, looking at the timely escalation of cases and sharing examples of positive customer outcomes.

Average Days to Re-Let (Charter and revised)

- 4.56 Our average days to re-let are 18.09 days for the first quarter. While our year-to-date performance is above target, the in-month average for June at 15.96 days was on target. This reduced again in July and has brought our YTD figure closer to target.
- 4.57 The SHN member average of 58.4 days for 2023/24 has shown an increase from the SHR average of 55.6 days in 2022/23. We continue to surpass these comparators.

Table 17

Average days to re-let (Charter)	2024/25 YTD	2024/25 Target	2023/24 Results	Charter revised YTD (no meter amendments)
WHE	18.09	16	13.93	29.89

- 4.58 The table above now also includes re-letting times with no meter amendments, shown as Charter revised. Our revised result shows the impact that meter issues are having on letting times. Meter issues and their impact on the sector, which became significant from the point of lockdown and continues to escalate, are currently under consideration by the Regulator.

Invoice Payments

- 4.59 By the end of quarter one, 97.28% of invoices were paid in 30 days or fewer, an improvement from the end of 2023/24 (94.84%) and better than the target of 96%.

Procurement

- 4.60 By the end of quarter one, 96.10% of contracted expenditure was compliant with procurement rules, slightly lower than the end of 2023/24 (97.15%).



Summary of Strategic Project Delivery

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

Table 18

Complete	On track	Slippage	Overdue
0	5	0	0

- 4.62 All projects are currently on track and no projects completed during Q1.

5. Customer engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

- 9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting.
- 9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year.
- 9.3 The Group Scrutiny Panel consider performance quarterly and will contribute to our report to tenants during quarter 2.

10. Risk appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

- 12.1 We have strong performance against our targets for 2024/25 in several key areas including tenancy sustainment, allocations CSAT, medical adaptation completion timescales, new build social housing and mid-market completions, the number of jobs, training places or apprenticeships created for customers and communities, the number of children and young people benefiting from targeted Foundation programmes and the number of people accessing services which help alleviate poverty and turnover. Areas for continued focus includes repair completion timescales, repairs staff sickness absence, arrears and days to re-let.

13. Recommendations

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








LIST OF APPENDICES

Appendix 1: Strategic Results Dashboard













Appendix 2: Strategic Projects Dashboard

Appendix 1 - WHE Board - Delivery Plan 24/25 - Strategic Measures

1. Delivering Exceptional Customer Experience








	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% new tenancies sustained for more than a year - overall	91.77%	90.22%	90%	
% new tenancies sustained for more than a year - homeless	93.89%	91.89%	Contextual	
% new tenancies sustained for more than a year - revised	94.52%	93.62%	91%	
Group - % of contacts to CFC resolved within CFC	NEW	87.68%	93%	
CFC CSAT	4.2	4.2	4.5	
Abandonment Rate	5.32%	6.88%	5%	
Call abandonment rate after 30 secs	NEW	4.93%	4%	
Allocations CSAT	4.7	4.7	4.5	




2. Making the Most of Our Homes and Assets

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.5% for 2024/25)	Apr to Jun 23/24 – 1,895	1,938	2.27%	
Average time taken to complete emergency repairs (hours) – make safe	3.39	3.24	3	
Average time taken to complete non-emergency repairs (working days)	7.73	7.56	7.5	
% reactive repairs completed right first time	92.87%	89.03%	90%	
Average time to complete approved applications for medical adaptations (calendar days)	13.66	20.77	25	
Legionella - percentage of applicable properties with a valid risk assessment in place	100%	100%	100%	
Percentage of EICR certificates due to expire by end of financial year now renewed	99.2%	39.22%	100%	
Percentage of properties with an EICR certificate up to 5 years old	99.89%	99.9%	100%	
Percentage of domestic stair and through floor lifts with valid safety inspection	100%	100%	100%	
Percentage of passenger lifts with a valid safety inspection	100%	100%	100%	
New build completions - Social Housing	168	62	33	
[redacted]				
Number of RIDDOR	2	0	Contextual	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	9	6	Contextual	
Group - Number of open employee liability claims	13	9	Contextual	
Group - Number of days lost due to work related accidents	649	117	Contextual	



	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Number of new employee liability claims received	0	0	Contextual	

3. Changing Lives and Communities






	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% ASB resolved	100%	89.23%	100%	
Number of lets to homeless applicants	274	89	Contextual	
% Lets Homeless Applicants - overall	50.74%	62.24%	Contextual	
% Relevant lets to Homeless Applicants	59.13%	66.12%	Contextual	
Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers	45.58%	-	30%	
Group - % planned jobs, training places or apprenticeships created which are secured by our customers	72.57%	50.65%	50%	
Total number of jobs, training places or apprenticeships created for customers and communities	220	51	22	
Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	124	228	41	
Number of people accessing services which help alleviate poverty in Wheatley Communities	1,257	422	247	
NETS CSAT (Ad-hoc)	4.4	4.1	4.3	
Group - % of our customers live in neighbourhoods categorised as peaceful	76.16%	76.35%	75%	

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
Group - The percentage of HMOs that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 195 for 2024/25)	121	18	195	


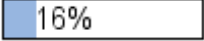

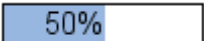
4. Developing Our Shared Capacity


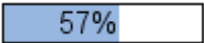

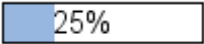
	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% Sickness rate - Total	3.50%	5.31%	Contextual	
% Sickness rate - Housing Staff	NEW	2.99%	3%	
% Sickness rate - Repairs Staff	NEW	6.49%	5%	


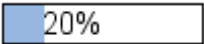
5. Enabling Our Ambitions

	2023/24	YTD 2024/25		
Measure	2023	2024		
	Value	Value	Target	Status
% lettable houses that became vacant	6.25%	6.37%	8%	
Average time to re-let properties	13.93	18.09	16	
WHE C - Gross rent arrears (all tenants) as a % of rent due	4.61%	5.05%	4.52%	
WHE B - Gross rent arrears (all tenants) as a % of rent due	5.58%	5.86%	Contextual	
WHE A - Gross rent arrears (all tenants) as a % of rent due	4.48%	4.95%	Contextual	
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	94.84%	97.28%	96%	
% of contracted expenditure compliant with procurement rules	97.15%	96.1%	99%	

Appendix 2 - WHE Board - Delivery Plan 24/25 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Defining and agreeing our approach to vulnerability and personalised services	31-Mar-2025			01. Vulnerability strategy and plan developed	30-Jun-2024	Yes	Project is on track with a strategy in draft. Customer engagement sessions are being planned to take place during August 2024.
				02. Customer engagement concluded	31-Aug-2024	No	
				03. Board approval of strategy and implementation plan	30-Sep-2024	No	
				04. Implementation plan commenced	31-Oct-2024	No	
				05. Update to Board on implementation	31-Mar-2025	No	
				06. Review and refine plan phase 2	31-Mar-2025	No	
Customer insight driven services	30-Sep-2024			01. Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31-May-2024	Yes	Project is on track. The pulse survey programme commenced in June. Work also commenced in July with Vanguard and the relevant project teams on two CJs and complaints analysis, following an introductory session on systems thinking held on the 5th of July.
				02. Agree our pulse and thematic survey programme	31-May-2024	Yes	
				03. Undertake customer journey mapping, including through direct engagement with customers	31-Aug-2024	No	
				04. Group Executive team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings	30-Sep-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Asset strategy	28-Feb-2025			01. Asset strategy featured as a key theme in Group partner Board strategy workshops	31-May-2024	Yes	The Group Board approved the Asset Strategy at its June meeting. Approval followed engagement with partner Boards and customers on investment drivers and priorities. Work is on-going to realise the direction set in the Asset Strategy through Asset Management Plans for each applicable Group partner.
				02. Customer and staff engagement session	31-May-2024	Yes	
				03. Internal review and sign-off	31-May-2024	Yes	
				04. Group Board approval of Group Asset Management strategy	30-Jun-2024	Yes	
				05. Group partner asset management plans approved	30-Sep-2024	No	
				06. Staff launch of group asset management strategy and group partner asset management plans	31-Oct-2024	No	
				07. Agreed approach through strategy informs 2025 investment plans	28-Feb-2025	No	
Develop a data and technology enabled approach to managing and monitoring building compliance	31-Dec-2024			01. Review our existing compliance cycles, data management, integration and management information arrangements	31-Jul-2024	Yes	Work is progressing to plan. Existing cycles, integration and MI has been reviewed across key compliances areas for each group partner. Work will now continue to summarise and present findings, which will support development of our desired future compliance model.
				02. Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and desired customer touchpoints and functionality	31-Oct-2024	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30-Nov-2024	No	
				04. Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31-Dec-2024	No	
Improving and evolving our multi-channel customer first centre	28-Feb-2025			01. Customer Engagement on service improvement opportunities via Stronger Voices team	30-Jun-2024	Yes	Customer engagement sessions went ahead on 4th July, 1 face to face and 1 via Teams. Positive feedback received from all who attended and wish to engage with us going forward. Significant progress has been made with the implementation of geographical teams. Both Lowther and WHE are now operational. We are currently conducting a thorough analysis of WHG to determine the most effective strategy for managing the subsidiary's size and scale.
				02. Agree approach and workplan for geographical subsidiary service delivery	31-Jul-2024	No	
				03. Pilot customer call transcription and automated quality assurance	31-Oct-2024	No	
				04. Scope and develop an approach for automation of identification and verification (IDV)	31-Dec-2024	No	
				05. Year 1 update of the Executive Team including customer feedback and Year 2 enhancement plan	28-Feb-2025	No	

Report

To: Wheatley Homes East Board

By: Lyndsay Brown, Director of Finance

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 30 June 2024

Date of Meeting: 22 August 2024

1. Purpose

- 1.1 The purpose of this report is to provide the Board with an overview of the:
- Financial results for the period to 30 June 2024 including the Q1 forecast; and
 - Required corrective conveyancing for properties at Hatters Lane, Edinburgh.

2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes East ("WH East") and the Wheatley Group and the Terms of Reference for this Board, the WH East Board is responsible for the ongoing monitoring of performance against agreed targets, including the ongoing performance of its finances.

3. Background

Financial performance to 30 June 2024

- 3.1 The results for the period to 30 June are summarised below.

£000	Year to Date (Period 3)		
	Actual	Budget	Variance
Turnover	18,713	13,768	4,945
Operating expenditure	(8,622)	(8,706)	84
Operating surplus	10,091	5,062	5,029
<i>Operating margin</i>	54%	37%	
Net interest payable	(2,410)	(2,468)	58
Surplus	7,681	2,594	5,087
Net Capital Expenditure	9,774	13,886	(4,112)

4. Discussion

Period to 30 June 2024

- 4.1 A statutory surplus of £7,681k for the period to 30 June 2024 is reported, which is £5,087k favourable to budget. The earlier than budgeted release of grant income on new build completions is the key driver for the variance to budget.

Key points to note:

- Grant income recognised is £4,864k favourable to budget due to the earlier than budgeted completions at Westcraigs Ph1&2 (13MMR), Rosewell (12 SR), Blindwells (6 SR) and Southfort (14 MMR & 11 SR);
- Operating expenditure is £84k favourable to budget driven by mainly by reprofiling and timing of cyclical repairs work as well bad debts and group running costs performing favourably to budget; and
- Net capital expenditure is £9,774k for the period, £4,112k lower than budget. The capital investment programme spend is £145k favourable to budget due to lower than budgeted spend on capitalised voids and repairs. Net new build spend is £3,941k lower than budget with the accelerated new build grant at Blindwells and Dalhousie South driving the variance.

Q1 – 2024/25 Full Year Forecast

- 4.2 The Q1 2024/25 Full Year Forecast is summarised below:

£000	Q1 Full Year Forecast		
	Forecast	Budget	Variance
Turnover	84,395	84,117	278
Operating expenditure	(36,587)	(36,561)	(26)
Operating surplus	47,808	47,556	252
<i>Operating margin</i>	<i>57%</i>	<i>57%</i>	
Net interest payable	(9,269)	(9,335)	66
Surplus	38,539	38,221	318
Net Capital Expenditure	60,155	62,634	2,479

- 4.3 The forecast reports a statutory surplus of £38,539k for the full year to March 2025, which is £318k favourable to budget.

Key points to note:

- Gross rental income is forecast to be £92k favourable to budget, arising from forecast early completions at Rowanbank, Rosewell, Southfort and Blindwells11;
- Other grant income is forecast to increase by £480k following the award of SHNZS grant by the Scottish Government to fund pre 1919 tenement works. There is a corresponding increase in investment spend;

- Other income is forecast to be £294k unfavourable to budget resulting from a reduction in gift aid income from Wheatley Developments Scotland linked to the lower forecast new build spend. This is an intra group item only and as such does not impact the overall financial performance at a group level;
- Interest is forecast to be £66k lower than budget with the planned new £125m private placement secured at a lower interest rate than budgeted driving the favourable forecast position;
- Grant income received is forecast to be £480k higher than budget, arising from the approved SHNZ grant funding by Scottish Government;
- Core programme works are forecast to be £780k higher than budget with the RSL borrower group interest cover covenant change creating £300k of additional capacity for works to be delivered in WH East as well as the £480k of unbudgeted SHNZ grant funded works; and
- New build expenditure is forecast to be £2,779k lower than budget, due to reprofiled spend across a number of new sites as detailed in the Appendix.

Conveyancing: Hatters Lane, Edinburgh

- As part of the fundraising exercise with Scottish Widows in 2018, Lowther Homes purchased portfolios of mid-market rent (MMR) properties from Wheatley subsidiaries including Wheatley Homes East (formerly Dunedin Canmore Housing);
 - Lowther purchased flats at 4 Hatters Lane, Edinburgh, from Wheatley Homes East (WH East) and these properties have since been rented as mid-market rent accommodation. 3 Hatters Lane consists of flats for social rent and are owned by WH East; and
 - However, two administrative errors were made in 2018 which have recently come to light:
 - i. The title was erroneously registered against flats at 3 Hatters Lane; and
 - ii. Security was granted to M&G Trustees (our Security Trustees) over 3 Hatters Lane.
- 4.4 Wheatley's internal records and accounting accurately reflected the correct position, with the issue solely relating to how the properties and security were registered.
- Corrective conveyancing is required to address this matter. Dispositions have been drafted to dispose the properties between Lowther and WHE at nil value. There are no tax implications arising from this disposition. This will result in 3 Hatters Lane being correctly registered to WH East, and 4 Hatters Lane correctly registered to Lowther. The erroneous security will also be discharged and the correct security over 4 Hatters Lane will be granted to M&G Trustees.
 - Our lawyers, Pinsent Masons, have been working with Brodies LLP (acting for Scottish Widows) to draft the legal documentation to correct the original registration. The board is requested to approve the corrective conveyancing as set out above by way of the appended Board Minute and associated Officer's Certificate.

5. Customer Engagement

- 5.1 This report relates to our financial reporting and therefore there is no direct customer implications arising from the Finance Report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from the Finance Report.

8. Financial and value for money implications

- 8.1 The statutory surplus for the period to 30 June is £5,087k favourable to budget. After adjusting the net operating surplus for new build grant income, depreciation and capital expenditure in our properties, the underlying results for the period to 30 June were £368k favourable to budget, demonstrating strong financial performance in core operations.
- 8.2 The forecast underlying statutory surplus for the year to 31 March 2025 after adjusting the for new build grant income and group gift aid, depreciation and capital expenditure in our properties, is £118k unfavourable to budget due to the release of £300k of additional investment in existing homes this year recognising our objective to maintain the quality of our housing and to invest to improve the energy efficiency of our home. This is offset by a favourable forecast interest position.
- 8.3 Within the context of the RSL borrower group, financial performance is being managed within the overall budget parameters and covenants and golden rule headroom continue to be met.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for financial 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".

11. Equalities implications

- 11.1 There are no equalities implications arising from the Finance Report.

12. Key issues and conclusions

- 12.1 This paper presents the financial performance for the period to 30 June 2024 and the Q1 forecast for 2024/25.

13. Recommendations

- 13.1 The Board is requested to:
- 1) Note the Finance Report for the period ended 30 June 2024 and Q1 forecast at Appendix 1.
 - 2) Approve the required conveyancing for properties at Hatters Lane, Edinburgh by way of a Board Minute and Officer's Certificate.

LIST OF APPENDICES:

Appendix 1: Period 3 – 30 June 2024 Finance Report

Appendix 2: [redacted]



Period to 30 June 2024

Finance Report



2) Operating Statement – Period to June 2024

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	10,426	10,427	(1)	42,007
Void Losses	(155)	(155)	0	(563)
Net Rental Income	10,271	10,272	(1)	41,444
Grant Income Recognised in the Year	7,426	2,562	4,864	34,745
Other Grant Income	140	140	0	604
Other Income	876	794	82	7,324
TOTAL INCOME	18,713	13,768	4,945	84,117
EXPENDITURE				
Employee Costs - Direct	1,191	1,164	(27)	4,621
Employee Costs - Group Services	663	657	(6)	2,586
ER/VR	0	0	0	0
Direct Running Costs	1,218	1,228	10	4,910
Running Costs - Group Services	380	412	32	1,700
Revenue Repairs and Maintenance	1,441	1,490	49	7,138
Bad Debts	67	94	27	375
Depreciation	3,662	3,662	0	15,231
TOTAL EXPENDITURE	8,622	8,706	84	36,561
NET OPERATING SURPLUS	10,091	5,062	5,029	47,556
<i>Net Operating Margin</i>	<i>54%</i>	<i>37%</i>	<i>17%</i>	<i>57%</i>
Interest receivable	5	6	(1)	25
Interest payable	(2,415)	(2,474)	59	(9,360)
STATUTORY SURPLUS	7,681	2,594	5,087	38,221

	Year to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	13,216	9,357	3,859	32,744
Investment Programme Expenditure	1,618	1,763	145	6,966
New Build & Other Investment	21,095	21,177	82	87,201
Other Capital Expenditure	278	303	25	1,211
TOTAL CAPITAL EXPENDITURE	22,991	23,243	252	95,378
NET CAPITAL EXPENDITURE	9,774	13,886	4,112	62,634

Key highlights year to date:

Net operating surplus of £10,091k is £5,029k favourable to budget. Statutory surplus for the period to 30 June is £7,681k, £5,087k favourable to budget with the earlier than budgeted release of grant income on new build completions contributing to the variance.

Total income of £18,713k is £4,945k favourable to budget:

- Grant income recognised is £4,864k favourable to budget due to the earlier than budgeted completions at Westcraigs Ph1&2 (13MMR), Rosewell (12 SR), Blindwells (6 SR) and Southfort (14 MMR & 11 SR).
- Other grant income of £140k is in line with budget and consists of grants recognised for medical adaptations and for the Harbour.
- Other income of £876k is £82k favourable to budget and includes lease income from Lowther for the earlier than forecast completions of MMR properties at Westcraigs and Southfort.

Total expenditure of £8,622k is £84k favourable to budget:

- Total employee costs are £33k unfavourable to budget. Direct employee costs are £27k unfavourable to budget, due to an additional project worker being approved at the Harbour as well as an increase in agency staffing costs.
- Total running costs are £42k favourable to budget and includes group running costs £32k favourable to budget with reduced spend on various expenditure lines across departments in Wheatley Solutions.
- Revenue repairs and maintenance spend is £49k favourable to budget with responsive repairs in line with budget and cyclical maintenance £49k favourable due to timing of spend.
- Bad debts are £27k favourable to budget. A prudent approach was taken when setting the budget.

Interest payable of £2,415k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £59k favourable to budget due to the timing of drawdowns compared to budgeted at June 2024.

Net capital expenditure of £9,774k is £4,112k lower than budget.

- Capital investment income is £3,859k higher than budget due to accelerated new build grant at Blindwells in line with spend and Dalhousie South where upfront Allia funding has been received.
- Core programme spend is £145k favourable to budget, with lower than budgeted spend across voids and capitalised repairs.
- New build spend of £21,095k is £82k lower than budget. Accelerated spend at Westcraigs, Deans South, Blindwells and Rosewell has seen some units complete ahead of schedule as mentioned above. The additional spend has been offset by delayed spend at Sibbalds Brae and Wallyford 5 A/B to bring the spend almost in line with budget.
- Other capital expenditure of £278k is £25k lower than budget, reflecting the timing of IT project spend.

3) Underlying surplus – Period to June 2024

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.
- For the period to 30 June 2024, an underlying surplus of £2,299k has been generated which is £368k favourable to budget due to higher MMR lease income, lower running costs and the timing of investment spend at this point in the year.

WH East Underlying Surplus - June 2024				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net Operating Surplus	10,091	5,062	5,029	47,556
add back:				
Depreciation	3,662	3,662	-	15,231
less:				
Grant income	(7,426)	(2,562)	(4,864)	(34,745)
Net interest payable	(2,410)	(2,468)	58	(9,335)
Investment Programme Expenditure	(1,618)	(1,763)	145	(6,966)
Gift Aid Income	0	0	0	(3,584)
Underlying surplus	2,299	1,931	368	8,157

4) Property Services Operating Statement – Period to June 2024

Key highlights:

	Period to 30 June 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Internal Subsidiaries	3,429	3,581	(152)	14,609
External Customers	79	68	11	273
TOTAL INCOME	3,508	3,649	(141)	14,882
COST OF SALES				
Staff	1,061	1,096	35	4,325
Materials	520	516	(4)	2,319
Subcontractor & Other Costs	997	1,190	193	4,859
TOTAL COST OF SALES	2,578	2,802	224	11,503
GROSS PROFIT/(LOSS)	930	847	83	3,378
Margin %	27%	23%	-59%	23%
Overheads	894	825	(69)	3,302
NET PROFIT/(LOSS)	36	22	14	77

- In the period to 30 June 2024, a surplus of £36k is reported, £14k favourable to budget.

- Income of £3,508k is £141k unfavourable to budget, due to lower than budgeted income from WHEast due to fewer cyclical, void and capitalised repairs jobs than budgeted

- Cost of sales are subsequently £224k lower than budget, mainly due to decrease in jobs as mentioned above.

- Gross profit of £930k is £83k favourable to budget.

- Overhead expenditure is £69k adverse to budget for the period, relating mainly to increased vehicle costs with some smaller overspend across a number of other running cost lines.

5) Wheatley Homes East Harbour – Period to June 2024

	Period to 30 June 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	234	235	(1)	938
Void Losses	(10)	(12)	2	(47)
Net Rental Income	224	223	1	892
Local Authority Contract Income	98	99	(1)	394
Other Income	1	0	1	0
TOTAL INCOME	323	322	1	1,286
EXPENDITURE				
Employee Costs	229	203	(26)	812
Direct running Costs	65	91	26	366
Revenue Repairs and Maintenance	8	17	9	69
Bad Debts and Depreciation	0	0	0	0
TOTAL EXPENDITURE	302	311	9	1,246
NET OPERATING SURPLUS / (DEFICIT)	21	11	10	40

Key highlights:

- The service is reporting a surplus of £21k which is £11k favourable to budget.
- Net rental income of £224k is £1k favourable to budget due to lower void levels than budgeted.
- Employee costs of £229k are £26k unfavourable to budget due to an additional project worker being approved, as well as agency cost to cover for one nightshift support assistant. It is hoped that the service will have a full staffing compliment in the coming months to reduce the reliance on agency staffing.
- Running costs of £65k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £26k favourable to budget with cost savings delivered in the year to date.
- Repairs and maintenance expenditure of £8k is £9k favourable to budget.

6) Repairs and investment – Period to June 2024

Repairs and maintenance	Period to 30 June 2024			
	Actual £ks	Budget £ks	Variance £ks	FY Budget
Responsive Repairs	1,182	1,182	0	5,021
Cyclical Maintenance	259	308	49	2,144
	1,441	1,490	49	7,165

Key highlights:

Repairs and maintenance

- Responsive repairs spend in line with budget YTD for 2024/25.
- Cyclical repairs spend is £49k favourable to budget due to timing of planned works.

WH East Investment Expenditure	Period to 30 June 2024			FY Budget
	Actual £k	Budget £k	Variance £k	
Investment Income				
Disabled Adaptions Grant	42	42	0	210
Investment Income Total	42	42	0	210
Investment Expenditure				
Core Programme (excl. SHNZ)	826	833	7	3,322
Capitalised Repairs	252	298	46	1,070
Disabled adaptations	42	42	0	210
Voids	215	293	78	1,173
Capitalised Staff	283	297	14	1,191
Investment Expenditure Total	1,618	1,763	145	6,966
Net Total	1,576	1,721	145	6,756

Investment

- Investment expenditure is £145k favourable to budget. The favourable variance is mainly driven by reduced void repairs spend, capitalised repairs and capitalised staff costs to date.
- Adaptation income and spend are in line with budget.

7) New Build Programme – Period to June 2024

	Status	Contractor	Period To Date (£'000)			FY Budget
			Actual	Budget	Variance	
BLINDWELLS11	Due on site	Ogilvie Homes	1,164	771	(392)	2,407
DEANS SOUTH	On Site	Springfield	2,565	1,953	(613)	4,932
DEANS SOUTH PH2	Due on site	Springfield	0	241	240	5,013
ROSEWELL	On site	Barratt	1,001	583	(418)	1,003
ROWANBANK	Complete	Artisan	42	312	270	312
SIBBALDS BRAE	Due on site	Taylor Wimpey	1,409	2,216	806	4,598
Total Social Rent			6,182	6,075	107	18,265
SOUTHFORT	Complete	Barratt	228	63	(165)	112
ST CRISPINS	On site	Cala	59	95	36	932
WALLYFORD 5 A/B	On site	McTaggart	1,959	2,926	968	12,388
WESTCRAIGS PH1 & 2	On site	Cruden Building	5,816	4,770	(1,046)	15,487
WESTCRAIGS PH3	On site	CCG	3,910	4,183	272	12,772
WINCHBURGH BB	On site	McTaggart	1,980	2,268	287	7,051
Total Mixed Tenure			13,953	14,305	352	48,741
Land & Property Aquisition			-	18	18	73
Capitalised Interest Costs			0	0	(0)	1,955
Prior Year			416	153	(263)	629
Feasibility Sites			194	181	(13)	15,756
Capitalised staff costs			350	445	95	1,780
Total New Build Investment			21,095	21,177	82	87,201

Grant Income	13,174	9,317	3,857	32,535
Net New Build Costs	7,921	11,860	3,939	54,666

Grant Income Completions (Recognised in OPS)	7,426	2,562	4,864	34,745
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New Build spend at 30 June was £21.1m against budget of £21.2m, £0.1m lower than budget.

Due on Site/ On Site

- **Blindwells (SR/23):** Contract changed to Turnkey, with this concluding on 25 June 2024. First 6 properties handed over on 28 June 2024 and remaining properties have handed over on 26 July 2024.
- **Deans South (SR/46):** Good progress on site, with first 9 handovers received in July
- **Deans South Ph2 (SR/38):** Board approval reached February 2024. Grant application ready to be submitted once WLC confirm timing of availability.
- **Rosewell (SR/25):** Excellent progress with 12 handovers in June 2024 and remaining properties also handed over in July 2024.
- **Sibbalds Brae (SR/29):** Missives agreed and signed in November 2023. Spend behind budget as further site remediation work has been identified. 25 plots have achieved golden brick with tranche 4 due mid August 2024. Good progress on site.
- **St Crispins (MMR/4 and SR/8):** Approval received in June 2023 and work on site progressing well.
- **Wallyford 5/AB (MMR/61 and SR/29):** Following change in contractor, main works commenced on site in February 2024. Progress has been good
- **West Craigs Phase 1 & 2 (MMR/168 and SR/132):** Site is progressing well, with handover of first 9 homes completed ahead of programme in May 2024. A further 4 units completed in June 2024, with the remaining phase 1 handovers completing end July. Phase 2 handovers planned for completion August 2024
- **West Craigs Phase 3 (MMR/55 and SR/70):** Site is progressing well with completions projected ahead of programme
- **Winchburgh BB (MMR/29 and SR/52):** Progress continues to be good with first set of handovers due later in the year, ahead of schedule.

8) Balance sheet

	30 June 2024 £'000	31 March 2024 £'000
Fixed Assets		
Social Housing Properties	522,242	503,543
Other Fixed Assets	10,699	10,421
Investment Properties	44,815	44,815
	<u>577,756</u>	<u>558,779</u>
Current Assets		
Stock	1,123	1,029
Trade debtors	491	566
Other debtors	7,770	4,477
Rent & Service charge arrears	1,848	1,508
less: Provision for rent arrears	(974)	(1,084)
Prepayments and accrued income	1,320	1,020
Intercompany debtors	248	405
Total Debtors	<u>10,703</u>	<u>6,892</u>
Cash & Cash Equivalents	<u>3,892</u>	<u>2,482</u>
	<u>15,717</u>	<u>10,403</u>
Creditors: within 1 year		
Trade Creditors	(2,222)	(549)
Accruals	(4,616)	(2,781)
Deferred Income	(72,751)	(67,001)
Prepayments of Rent and Service Charge	(1,907)	(1,825)
Other Creditors	(152)	(1,127)
Amounts due to Group Undertakings	(21,227)	(15,873)
	<u>(102,876)</u>	<u>(89,156)</u>
Net Current Liability	<u>(87,158)</u>	<u>(78,753)</u>
Long Term Creditors		
Loans	(35,351)	(35,213)
Amounts due to Group Undertakings	(191,619)	(188,865)
Pension Liability	(2,610)	(2,610)
	<u>(229,580)</u>	<u>(226,688)</u>
Net Assets	<u>261,019</u>	<u>253,338</u>
Capital and Reserves		
Share Capital	-	-
Revenue Reserve b/f	253,338	234,182
Surplus in the year	7,681	19,156
	<u>261,019</u>	<u>253,338</u>
Association's funds	<u>261,019</u>	<u>253,338</u>

Key highlights year to date:

The balance sheet reported reflects the draft 31 March 2024 year end statutory adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.

- The value of our **fixed assets** reflects additions in the year less depreciation.
- Debtors** - have increased by £3.8m. Rent debtors have increased by £0.3m due to timing of receipt of housing benefit and other debtors of £7.8m, increased by £3.3m from March 2023. This is due to timing of receipt of grant income in claimed from Scottish Government which has been accrued.
- Cash at Bank** – At 30 June 2024 cash at bank was £3.9m, an increase of £1.4m from March 2024 due to receipt of grant income at the end of June.
- Short-Term Creditors** – Amounts due within one year of £102.9m have increased by £13.7m. Trade creditors have increased by £1.7m due to timing of receipt of invoices and work carried out in P3 whilst accruals have increased by £1.8m due to timing. The deferred income relates to grants received in advance of new build completions. This has increased by £5.8m. Amounts due to other group entities has increased by £5.4m mainly due to an increase in WDS invoices/accruals.
- Loans** of £227.0m relate to funding drawn down from WFL1 and external funding of £35.4m due to THFC and Allia (inclusive of rolled up interest charges). The increase in loans of £2.7m has helped to support the development programme in 2024/25.

9) Quarter 1 Forecast to 31 March 2025

	Q1 Forecast £ks	2024/25 Budget £ks	Variance £ks
INCOME			
Rental Income	42,099	42,007	92
Void Losses	(563)	(563)	0
Net Rental Income	41,536	41,444	92
Grant Income Recognised in the Year	34,745	34,745	0
Other Grant Income	1,084	604	480
Other Income	7,030	7,324	(294)
TOTAL INCOME	84,395	84,117	278
EXPENDITURE			
Employee Costs - Direct	4,674	4,621	(53)
Employee Costs - Group Services	2,586	2,586	0
ER/VR	0	0	0
Direct Running Costs	4,910	4,910	0
Running Costs - Group Services	1,673	1,700	27
Revenue Repairs and Maintenance	7,138	7,138	0
Bad Debts	375	375	0
Depreciation	15,231	15,231	0
TOTAL EXPENDITURE	36,587	36,561	(26)
NET OPERATING SURPLUS / (DEFICIT)	47,808	47,556	252
<i>Net Operating Margin</i>	<i>57%</i>	<i>57%</i>	<i>0%</i>
Interest receivable	25	25	0
Interest payable	(9,294)	(9,360)	66
STATUTORY SURPLUS / (DEFICIT)	38,539	38,221	318

	Q1 Forecast £ks	2024/25 Budget £ks	Variance £ks
INVESTMENT			
Total Capital Investment Income	33,224	32,744	480
Total Expenditure on Investment	7,746	6,966	(780)
New Build & Other Investment	84,422	87,201	2,779
Other Capital Expenditure	1,211	1,211	0
TOTAL CAPITAL EXPENDITURE	93,379	95,378	1,999
NET CAPITAL EXPENDITURE	60,155	62,634	2,479

Comments

This table shows the Q1 forecast for 2024/25. The forecast operating surplus of £47,808k is £252k favourable to budget. After taking account of financing costs, the statutory deficit of £38,539k is £318k favourable to budget.

Income

- Rental Income is forecast to be £92k favourable due to earlier than budgeted completions and handovers at Rowanbank, Rosewell, Southfort and Blindwells 11.
- Other grant income is forecast to increase by £480k following the award of SHNZS grant by the Scottish Government to fund pre 1919 tenement works. There is in turn a corresponding increase in investment spend.
- Other income is forecast to be £294k unfavourable to budget with a reduction in the intra group gift aid income from Wheatley Developments Scotland of £343k linked to the profile of the new build programme, offset partially by lease income from early completions at Southfort and Westcraigs Ph1 MMR sites.

Expenditure

- Employee costs are forecast to be £53k unfavourable due to an unbudgeted project worker and additional agency costs to cover staff absences in the Harbour.
- Running costs are forecast to be £27k lower than budget due to value for money savings realised in IT contracts in Wheatley Solutions.
- Interest is forecast to be £66k lower than budget with the planned new £125m private placement secured at a lower interest rate than budgeted driving the favourable forecast position.

Investment

- Capital investment income received is expected to be £480k higher than budget with SHNZS grant funding being recognised for pre 1919 tenement works.
- Investment expenditure is forecast to be £780k higher than budget with the RSL borrower group interest cover covenant change creating some additional capacity for works to be delivered in WH East as well as the unbudgeted SHNZ grant funded works.
- New build expenditure is forecast to be £2,779k under budget mainly relating to reprofiled spend at Westcraigs Ph1 (£1.4m), Sibbalds Brae (£1.1m), Deans South Ph2 (£1.1m) and Charlesfield Rd (£2.1m). This is partially offset by accelerated spend at Westcraigs Ph3, Blindwells Plot 11 and Deans South Ph1.

10) Underlying surplus – Q1 Forecast 2024/25

Key highlights:

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- 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, group gift aid and depreciation, including capital expenditure on our existing properties.
- The Q1 Forecast underlying surplus of £8,039k is £118k unfavourable to budget. The variance is due to the release of some additional financial capacity for investment in existing homes in recognition of our objective to maintain the quality of our housing and to invest to improve the energy efficiency of our homes. This is offset by efficiencies in group running costs and a favourable forecast interest position. The movement in underlying surplus in WHEast can be comfortably accommodated within the context of the RSL Borrower Group where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

WH East Underlying Surplus - Q1 Forecast			
	YTD Forecast £k	YTD Budget £k	YTD Variance £k
Net Operating Surplus	47,808	47,556	252
add back:			
Depreciation	15,231	15,231	-
less:			
Grant income	(34,745)	(34,745)	0
Net interest payable	(9,269)	(9,335)	66
Total expenditure on Core Programme	(7,746)	(6,966)	(780)
Gift Aid	(3,240)	(3,584)	344
Underlying surplus	8,039	8,157	(118)

Report

To: Wheatley Homes East Board

By: Stephen Wright, Director of Governance

Approved by: Anthony Allison, Group Director of Governance and Business Solutions

Subject: Governance update

Date of Meeting: 22 August 2024

1. Purpose

To update the Board and, where applicable, seek Board approval on the following governance-related matters:

- Final schedule of meetings for the remainder of the 2024 calendar year, including the Special and Annual General Meetings;
- Board recruitment;
- Annual Secretary's Report;
- Annual assurance statement; and
- Policy framework and proposed policy updates.

2. Authorising and strategic context

- 2.1 The Group Standing Orders, Articles of Association, Terms of Reference, intra-group agreement with Wheatley Group and the group-wide governance policies direct the authorising context for the above governance-related matters.
- 2.2 The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year. The Board is also responsible for approving the appointment of our tenant Board members.
- 2.3 Approval of new membership applications and management of our register of members is a matter for the Board in accordance with our Rules.
- 2.4 Under the Group Standing Orders and our Intra-group Agreement, we have a role in adopting Group-wide policies as well as approving our own service policies.

3. Background

- 3.1 The matters in this report form part of our annual governance reporting, which precedes the AGM each year.

- 3.2 We are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary's report in advance of the AGM.
- 3.3 In relation to membership, under Rule 7.3 of our constitution, applications for membership will be considered by the Board. Rules 11.1.2 and 11.1.3 states that membership will end if the Board reasonably believes a member has failed to tell the Association of a change of address; or for five general meetings you have not attended, submitted apologies, exercised a postal vote or appointed a representative to attend and vote on your behalf by proxy. Tenant members who are no longer tenants are no longer entitled to remain a tenant member.
- 3.4 Our tenant Board member pathway programme has been developed to help ensure we have a pipeline of candidates for any tenant Board member vacancies; ensuring that tenants are at the heart of our decision-making. One candidate from our pathway programme is now seeking appointment to our Board.
- 3.5 The requirement to submit an Annual Assurance Statement ("AAS") was introduced by the SHR in 2019. The AAS is a way for us to assure ourselves, tenants, those who are homeless/threatened with homelessness, other service users and the SHR that we comply with our regulatory obligations.
- 3.6 The SHR considers our AAS as part of its annual risk assessment and then uses this to help inform how it will engage with us throughout the year. This is then included within the SHR's engagement plan for us. For group structures such as ours, the SHR requires one AAS covering all RSLs.

4. Discussion

Remaining 2024 meetings, AGM and SGM

- 4.1 We have two further Board meetings scheduled for this calendar year which would take us to the minimum requirement of 6 scheduled meetings for the calendar year:
- Post AGM & SGM on Thursday 19 September 2024; and
 - Thursday 28 November 2024 at 5pm.
- 4.2 It is proposed that we call our AGM for 19 September 2024 at 5pm. We also require to hold a Special General Meeting (SGM) to approve the changes to our Rules, which changes were agreed at our meeting on 21 May 2024. The SGM will take place at 5.15pm, following the AGM. The meetings and business thereof will be called in line with the requirements of our Rules. This will be followed by the Board meeting at approximately 5.30 pm.
- 4.3 We also have two Group events planned. We are hosting a Governing our Group event in New Mart Road, Edinburgh at 5pm on Wednesday 25 September 2024. This event will be for all Board members and will be attended by the Minister for Housing, Paul McLennan. We will then hold our annual Group Christmas lunch at 1pm on Wednesday 18 December 2024.

Annual Secretary's report

4.4 In advance of the AGM, Rule 68 states that:

“At the last Board meeting before the annual general meeting, the Secretary must confirm in writing to the Board that Rules 62 to 67 have been followed or, if they have not been followed, the reasons for this”.

The Secretary's report in relation to each Rule referred to in Rule 68 is as follows:

Rule	Secretary report
62	Minutes are up to date and are signed digitally via DocuSign.
63	The seal is not routinely used. It is kept at the registered office.
64 and 65	All registers have been checked and maintained throughout the year and are held electronically at our registered office.
66	Our registered name has been displayed at our registered office and at every office where our business is carried out throughout the year (these displays are being updated to reflect our new name). Our name is clearly marked on business letters, notices, adverts, official publications and financial documents.
67	Our books of account, registers, securities and other documents are kept electronically at our registered office.

4.5 For administrative purposes, we now propose to change the Registered Office to 25 Cochrane Street, Glasgow, G1 1HL. There will be no visible or operational change to how we use our New Mart Road Office and this will continue to be the main address for our staff and customers. By way of background, an organisation's Registered Office is the address to which statutory correspondence, government correspondence and legal notices are sent. Our Secretary, who has responsibility for corporate administration, is primarily based at 25 Cochrane Street.

Board appointments

- 4.6 Under our Rules Board members are appointed for three-year terms. At the end of a three-year term Board members can be reappointed for a further two terms. The AGM is the time at which Board appointments are typically made or reviewed and the time when Board members would stand down following the completion of their tenure.
- 4.7 Ruth Kynoch was last re-elected in 2021 and has completed a further three year term. Ruth will be nominated for re-appointment at the forthcoming AGM. Ruth has been a Board members in the Group since 2016 and has one further year to serve. Fiona Burden join our Board in May 2024, between AGMs. As such, Fiona will also now be nominated for election at the AGM.
- 4.8 Helen Howden is due to retire at the AGM following the completion of 9 years' service across the Group. In planning for Helen's retirement, we had identified a suitable candidate who was due to be nominated for election at the AGM. Unfortunately, the candidate is no longer in a position to proceed with the appointment. We will undertake a further recruitment process to identify an alternative candidate.

- 4.9 Since our last meeting two tenant Board members have also retired, creating two vacancies. We have identified a potential tenant Board member who wishes to stand for election at the AGM in September. The candidate, Pamela Paton, will first attend and shadow our August Board meeting. In advance of the AGM, Pamela has also submitted an application for membership which is recommended for approval. We intend to hold the additional tenant vacancy at this time.

Annual Assurance Statement

- 4.10 We have now carried out the annual assurance exercise that we require to complete each year, between April and October, for submission to the SHR. As part of the completion of our self-assessment, we identified and recorded the sources of assurance.
- 4.11 In line with previous years, in assessing materiality we have based this on the SHR's guidance which states that we should consider whether the issue could:
- Seriously affect the interests and safety of tenants, people who are homeless or other service users;
 - Threaten the stability, efficient running or viability of service delivery arrangements;
 - Bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
 - In the case of RSLs, put at risk the good governance and financial health of the organisation.
- 4.12 Our self-assessment is externally reviewed every three years. Last year it was reviewed externally by Campbell Tickell. This year it has been carried out by our Assurance Team. The Assurance Team has now completed their review and confirmed our assessment that we are materially compliant with the regulatory standards.
- 4.13 Tenant and resident safety has always been and will continue to be a key focus of our work. We have robust processes in place to support our approach to tenant and resident safety. This includes teams dedicated to building compliance, supported by a Health and Safety Team which provides support and guidance when required.
- 4.14 During the year, the Board received a report on building safety compliance at its meeting in March 2024 and reports on health and safety and fire prevention and mitigation at its meeting in May 2024.
- 4.15 Of particular note during 2023/24, there has been significant public scrutiny on the use of reinforced autoclaved aerated concrete (RAAC) in public buildings and social housing. We carried out a review of our properties and found that no RAAC is present. We have therefore included a statement confirming this in our AAS.

Social Housing Charter

- 4.16 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the AAS requires us to also include a statement of compliance with the Charter.
- 4.17 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the standards in the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter.
- 4.18 The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. We ask these as part of our satisfaction surveys.
- 4.19 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework.
- 4.20 There is a requirement to evidence renewal of Electrical Installation Condition Reports ("EICRs") every 5 years. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved the properties are reported as in abeyance in our Annual Return on the Charter.
- 4.21 In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS then this should be identified in the AAS, including the timeframe for completing all due EICRs. We have included a note to confirm that approximately 0.1% of properties are recorded as not having an up to date EICR. In all cases, reasonable attempts to obtain access had been unsuccessful and enforcement action is being pursued.

All relevant legislative duties

- 4.22 This requirement of the AAS is, by its nature, very wide-ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by our specialist teams and, where appropriate, by external advisors. The legislative compliance mapping work being completed by the Assurance team has also provided us with additional assurance that we are clear on what our duties are.
- 4.23 We operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm we are meeting our legal obligations.
- 4.24 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC. We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.

- 4.25 Based on the above and our assessment of the evidence, we have prepared the following statement for approval by the Group Board. This is because the SHR requires a single statement covering all RSLs that are part of a Group structure. At its meeting on 14 August 2024 the Group Audit Committee also considered and recommended the statement for approval.

Wheatley Housing Group Limited: Annual Assurance Statement 2023/24

As the parent in a Group structure, the Board confirms that we have appropriate assurance that all Registered Social Landlords (“RSL”) which are part of Wheatley Housing Group Limited (being Wheatley Housing Group Limited, Wheatley Homes Glasgow, Wheatley Homes East Limited, Wheatley Homes South Limited and Loretto Housing) materially comply with:

- All relevant regulatory requirements as set out in Section Three of the Regulatory Framework
- The Regulatory Standards of Governance and Financial Management
- The relevant standards and outcomes of the Scottish Social Housing Charter
- Our statutory obligations in respect of tenant and resident safety, housing and homelessness and equalities and human rights

We have gained this assurance following a review and assessment of the evidence provided at our Board meeting on [28 August 2024] and from our ongoing oversight and scrutiny of the Group’s affairs throughout the year 2023/24.

The Board has overseen the assurance exercise that supports this Statement and is satisfied that it is comprehensive in its scope to include each of the group members. The Boards of each of the subsidiaries are involved in the Group assurance exercise in so far as it relates to their RSL and have also, through their representation on the parent Board, contributed to the Group assurance review.

The Group Board confirms that we have made strong progress in relation to the collection of equalities information and human rights, as required by the Regulatory Framework. We are assured we have established appropriate systems for the collection of equalities data. We are assured that we have begun using this data to help us take account of equality and human rights issues in our decision, policy-making and day-to-day service delivery.

The Group Board also confirms compliance in relation to our tenant and safety obligations. In particular, we have gained the necessary evidence-based assurance of our compliance in respect of duties relating to gas, electrical, fire, water and lift safety and obligations relating to asbestos, and damp and mould. We have completed our assessment of the potential presence of Reinforced Autoclaved Aerated Concrete (RAAC) in our stock and confirm that none has been identified.

We recognise that we are required to notify the Scottish Housing Regulator of any changes in our compliance during the course of the year and are assured that we have effective arrangements in place to enable us to do so.

We are required to carry out Electrical Installation Condition Reports on our properties every 5 years. Approximately 0.1% of properties were recorded as not having an up-to-date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR for the year end 31 March 2025.

Membership update

- 4.26 In advance of our Annual General Meeting, we have reviewed our Register of Members. As stated at paragraph 3.2, our Rules state that members will be considered by the Board for removal from the register if they do not inform us of a change of address or fail to attend, submit apologies or submit a proxy for five consecutive AGMs. Tenant members who are no longer tenants are no longer entitled to remain as members.
- 4.27 We have reviewed the membership list and identified 5 members who are no longer our tenants. Those members are no longer entitled to be members of the Company and we have removed their details from our register of members. In addition, we have been informed of a member who has sadly passed away. Their details have also now been removed from our register of members. The full details of the members who have been removed can be obtained from the Governance team.

Review of our Group policies and frameworks

- 4.28 During the last year we have carried out a comprehensive review of all our corporate and services policies and frameworks (excluding Human Resource policies which had already been reviewed separately). As part of this, we formally documented where we have made specific commitments and tested whether the commitments were still appropriate and how we could evidence we were delivering them.
- 4.29 We consolidated this into a central repository of each of the commitments made through our policies and the evidence/ assurance that we have arrangements to meet those commitments. In the vast majority of cases, we are meeting our commitments and have evidence to demonstrate how we are doing this.
- 4.30 In some instances, the commitments do not specify a timescale for being achieved and for those where we are not meeting such commitments as yet, we have documented the plans for how they will be achieved in future. Examples of this are where we indicate we will train staff and this takes some time to develop as part of the policy implementation.
- 4.31 For a number of policies it is proposed we adjust or clarify the wording as part of the next review stage. This is primarily where the wording is unnecessarily prescriptive e.g. 'all staff' when in practice it means appropriate staff or where our practice has evolved e.g. damp, mould and condensation. Updates to specific policies will be brought back to relevant Boards as appropriate over the next 12 months.
- 4.32 One change we have effected immediately however is to the Group Complaints Policy. The current policy states that we will acknowledge complaints within 48 hours and provide a written response within 5 working days. However, the majority of complaints are received via our Customer First Centre. Complaints are acknowledged by the call handler and wherever possible resolved for the customer during the call. As such, the policy requirement to respond to all stage 1 complaints in writing is not fully compatible with our service approach. As such, we recommend formally removing the requirement for all stage 1 complaints to be responded to in writing. All stage 1 responses will continue to be recorded on our system.

- 4.33 Where a customer is not satisfied with our response at stage 1 then they may escalate their complaint to stage 2 of our process. We will maintain our commitment to respond to stage 2 complaints in writing within 20 working days

5. Customer engagement

- 5.1 There have been no customer engagement implications related to this report. Our tenant Board member pathway programme is open to all tenants; however, we also directly approach those who are on our Customer Voices programme to seek applications. This is because our Customer Voices are those tenants who have already expressed an interest in engaging with us.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 There are no links to digital transformation associated with this report.

8. Financial and value for money implications

- 8.1 There are no finance and value for money implications contained within this report.

9. Legal, regulatory and charitable implications

- 9.1 The SHR Regulatory Standards of Governance that all RSLs:
formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body.
- 9.2 The proposals within this report are consistent with this requirement.
- 9.3 In accordance with our Rules, we are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary's report in advance of the AGM.

10. Risk appetite and assessment

- 10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a cautious or minimal approach to our legal and regulatory compliance. The matters and recommendations in this report are consistent with this approach.
- 10.2 We regularly report to the Board on governance-related matters and routinely reviewing our records to ensure that our governance records remain up-to-date and accurate.

11. Equalities implications

- 11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1 The report covers key standing processes within our governance arrangements, including arrangements for our Annual General Meeting.
- 12.2 Our tenant pathway programme was a critical element of supporting our longer-term succession planning and ensuring we maintain a strong tenant voice on the Board. The new appointment will support us in maintaining a strong tenant voice.
- 12.3 Our Annual Assurance Statement 2023/24 confirms that we are materially compliant with the SHR requirements and will be submitted for Group Board approval on 28 August 2024. Keeping our policies up to date and complying with our governance framework, such as the elements within this report, are core elements of maintaining our compliance.

13. Recommendations

- 13.1 The Board is asked to:
 - 1) Instruct the Secretary to call the Annual General Meeting for Thursday 19 September 2024 at 5pm;
 - 2) Instruct the Secretary to call a Special General Meeting for Thursday 19 September at 5.15pm;
 - 3) Note the Secretary's Report under Rule 68;
 - 4) Approve the change in Registered Office to 25 Cochrane Street, Glasgow, G1 1HL;
 - 5) Approve Pamela Paton's application for membership and note that her nomination for appointment to the Board will be put to the members at the AGM;
 - 6) Note that Ruth Kynoch and Fiona Burden will be nominated for re-appointment at the AGM;
 - 7) Note that Helen Howden will retire at the AGM;
 - 8) Note the outcome of our annual self-assessment against the SHR's Regulatory Framework and proposed Annual Assurance Statement for agreement by the Group Board;
 - 9) Note the 5 members who have been removed as members of the Association; and
 - 10) Note the update on our review of policies, including the amendment to our Group Complaints Policy.

LIST OF APPENDICES:

None