DUNEDIN CANMORE HOUSING

BOARD MEETING

Thursday 24 March 2022 at 5pm
New Mart Road, Edinburgh

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of 10 February 2022 and matters arising
   b) Action List

Main Business Items

4. [redacted]

5. Wheatley Care update

6. New operating model

7. Home Safe building compliance update

8. 2022/23 budget

9. Energy costs: supporting our customers

Other Business

10. *A New Deal for Tenants* – draft Rented Sector Strategy consultation

11. Finance report

12. Governance report

13. AOCB

Dunedin Canmore

Report

To:	**Dunedin Canmore Housing Board**
By:	**Laura Pluck, Managing Director of Care** **Hazel Young, Managing Director of Dunedin Canmore**
Approved by:	**Steven Henderson, Group Director of Finance**
Subject:	**Care activity update**
Date of Meeting:	**24 March 2022**

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1. Purpose

1.1. The purpose of this report is to provide updates on:
(i) care activity within our housing stock; and
(ii) the management service that Wheatley Care will provide at our retirement housing complexes from June 2022.

2. Authorising and strategic context

2.1. Under the Group Authorise, Manage and Monitor Matrix the Board is responsible for monitoring our performance, including in relation to services provided from other parts of the Group.

2.2. This report reflects elements of 4 of strategic objectives.

- Delivering exceptional customer service
- Making the most of our home and assets
- Changing lives and communities
- Developing our shared capacity

3. Background

3.1. In March 2020, Wheatley Care was formed by combining the activities of Loretto Care and Barony Housing Association. The purpose was to bring together group care activity under one banner and one leadership team, with a single strategic vision and operational practice strengthening the customer offering and reputation of care in the Group.

3.2. As part of the arrangement, housing stock belonging to Barony Housing transferred to both us and West Lothian Housing Partnership. Barony was then subsequently wound up.

3.3. The stock transfer, which took place in the first quarter of 2020/21, saw an increase in the amount of stock within our portfolio that Wheatley Care was operating in, namely: 3 Contact Points in Fife and Edinburgh, 6 Houses of Multiple Occupancy across Edinburgh and Fife, and a Care Home in Stirling. Care services currently operating in from our stock are:

- Edinburgh West Self Directed Support Service
- Edinburgh East Self Directed Support Service
- Fife Supported Living Service
- Dunedin Canmore Harbour Hostel
- Edinburgh Temp Accommodation – move on flats
- Edinburgh Contact Point
- Fife Contact Point – Kirkcaldy
- Fife Contact Point – Buckhaven
- Stirling Logie Road Care Home

3.4. Transferring management responsibility of Dunedin Canmore Harbour Hostel (DCHH) to Wheatley Care in February 2020 essentially moved all regulated care activity under the responsibility of Wheatley Care. Dumfries and Galloway Housing Association joined Wheatley Group in February 2020 and early in 2021 they too transferred management of care services to Wheatley Care.

3.5. Prior to the stock transfer, Barony approved a 3-year programme of reconfiguration. The programme, reported to the Board previously, was developed in a bid to modernise the care models operating in Wheatley Group. Supporting people to move from shared living environments to their own new build tenancies with care support wrapped around the individual reflecting their assessed needs as set out in the Self-Directed Support (Scotland) Act 2013.

3.6. We currently operate 6 retirement housing complexes across Edinburgh providing service to 270 tenants. Currently housing officers are responsible for overseeing the retirement housing service in Edinburgh with dedicated retirement managers on site to manage the service. This is a unique arrangement across Wheatley Group RSLs.

3.7. There is no other retirement housing across Wheatley Group other than one development in Lowther. This is overseen by Wheatley Care. In the West Sheltered Housing was deregistered and our bespoke older persons Livingwell service was established in its place in 2018. In the South of Scotland Sheltered Housing remains but is subject to options appraisal.

3.8. This report gives an update on care activity across our portfolio. It sets out the plan to support our retirement housing service through the provision of a management service by Wheatley Care thus maximising opportunities for learning, sharing practice and ensuring that services that operate in the care and/or support sector work consistently across Wheatley.

4. Discussion

Pandemic Response

4.1. As reported within previous business updates, care services have continued to operate throughout the pandemic in response to customer need and in line with Scottish Government guidance.

4.2. Working closely with Health and Safety colleagues, robust risk assessments and procedures were developed in response to the pandemic. These have continued to be under regular review as restrictions changed throughout the last 2 years.

4.3. Given the nature of care operating environments and the complex support needs and vulnerabilities of some of the people we work for infection prevention and control measures have been vital in mitigating risk for both staff and the people we work for.

4.4. A number of operational and strategic meetings were established as the pandemic progressed to ensure that we had adequate focus on the changing landscape and that the 750 staff across care had absolute clarity on current guidance and practice as well as supported appropriately throughout.

4.5. Specific weekly business continuity meetings have taken place with operational management teams to ensure effective communication in response to, often rapidly, changing Health and Social Care guidance in addition to close monitoring of self-isolation and vaccination levels. This has been critical in managing our risks and a clear benefit of care colleagues working closely together with one leadership team.

4.6. Information sharing and collaboration between housing and care has ensured that our approach in Livingwell environments, most closely comparable with our retirement housing, in relation to common area use and activities has been replicated across our retirement housing complexes throughout the pandemic.

4.7. All care and support services operated in some capacity throughout the pandemic as providers of critical services with the majority of our services operating as normal in the building-based services. Outreach services and unregulated were able to move to virtual support and step up and down as people's needs required.

4.8. Office environments for those working in building based services were reconfigured to ensure social distancing could be maintained at all times. These arrangements remain in place.

4.9. Vaccination rates for care staff sit at 89% for those with 2 doses and 65% for those with 3. We have pro-actively highlighted the benefits of the vaccination programmes and shared explicit messaging from the Scottish Government and the Scottish Social Services Council around vaccination.

4.10. Staff and service management worked closely with partners across local authorities to maximise uptake of the flu and covid vaccinations for our vulnerable care customers.

4.11. Additionally, internally we worked closely with group colleagues to access food packages and technology to support people throughout the pandemic.

4.12. While the number of staff and customers testing positive or requiring to self-isolate across care has risen in year 2 of the pandemic there have been no fatalities in care services. The festive period had specific challenges which were managed with proactive planning around staff resource and daily continuity meetings of senior staff.

4.13. Services have fully remobilised in line with guidance since the Autumn last year with adjustments made to service delivery throughout the winter as guidance flexed.

4.14. Business as usual activity has continued throughout the pandemic with a renewed focus on strategic deliverables and operational improvement in 21/22.

4.15. While we have not emerged fully from the pandemic services are operating in line with service specifications, contracts and meeting the needs of all customers. We await the updated version of guidance for working in social care/support services in the coming weeks but envisage that most, if not all, of our IPC measures will remain for the foreseeable.

Reconfiguration and redesign

4.16. As set out in the background section of the report, the Barony Housing Board, subsequently endorsed by the Dunedin Canmore Board, approved a programme of reconfiguration in February 2019 that would see the majority of our HMO/ shared living services decommissioned with individuals supported and living in Barony, DC or WLHP homes offered new accommodation.

4.17. The programme has continued throughout the pandemic with some delays to new build developments meaning an overall delay of 6 months to conclude the programme.

4.18. The reconfiguration programme in Edinburgh is due to conclude in June 2022 seeing 24 in total moved from HMO/shared living to their own secured tenancies with support provided in a core and cluster model. Staff hubs are located within the 'core' element of the service.

4.19. The reconfiguration programme has been very successful to date for the people we work for, their families and relevant stakeholders feeding back very positively on the impact on people's quality of life. A full report will be brought to Board following the conclusion of the programme later in 2022.

4.20. As part of our stock and service review prior to the reconfiguration plan, consideration was given to Logie Road Care Home. The building, previously owned by Barony and now by Dunedin Canmore, is not a traditional care home environment or standards that we would aspire to within care home environments.

4.21. Following a Care Inspection in 2019 it was agreed between Care, the purchaser, Stirling HSCP and the regulator that the Logie Road Care Home for adults service should be deregistered as a Care Home and operate as a Housing Support and Care at Home Service transferring to a Self-Directed Support model of care.

4.22. This work was originally planned for completion in 2020 but was delayed as a result of the pandemic and now is due to conclude in April of this year.

4.23. The deregistration will see people move through the accommodation more appropriately into settled long term accommodation with support package designed to meet their individual needs.

4.24. While care and support is always provided in personalised way, the funding model and service contract does not reflect self-directed and personalised support.

4.25. A fully integrated housing and care implementation plan is underway including;

- Communication and engagement plan with people we work for, their families and stakeholders
- Staff development programme
- Review of all operational processes
- Multi-disciplinary assessment of needs of individuals currently residing in the care home
- Variation of the registration with the regulator
- HMO application
- Revised financial modelling

4.26. Care Home registration will end on the 4th of April.

Dunedin Harbour

4.27. Funding secured through the Dunedin Canmore Foundation and City of Edinburgh Council (CEC) has supported the recruitment of an additional resettlement worker which has enabled the expansion of the resettlement scheme and the development of the 'Positive Pathways Project'. Working with Dunedin Canmore housing colleagues the resettlement scheme supports 15 individuals, it is anticipated that this will increase to 22 in the coming months.

4.28. Throughout 21/22 to the end of February 2022, 55 individuals have been supported at the Hostel with 29 people moving on in that time. Fifty two percent moving on to permanent accommodation and 34% moved on to other temporary accommodation. The remaining 14% have been admitted to hospital or have been detained for a criminal offence.

4.29. Of the 15 people that have moved on to suitable, permanent accommodation 33% have been supported through the Positive Pathways project.

Fire prevention and mitigation

4.30. Work continues for the installation of fire compartmentation measures throughout the building of DCHH. To date work has been completed on 3 out of the 5 accommodation levels with the 4th level due to finish by end of March.

4.31. Progress to complete works within the intended timescale of end of March has been impacted due to the Covid19 pandemic. Access to materials coupled with labour shortages due to self-isolation, has resulted in delays to the project and whilst progress continues to be made this has not been as expected.

4.32. After the final work is completed within the accommodation levels, work will commence within the staff and communal areas of the building. To minimise the impact to the staff office area it is hoped the work required can be completed from the upper level, this will potentially remove the need for ceilings to be taken down within the staff office area.

4.33. This works has impacted on rental void loss performance as planned. Care financing from CEC was agreed prior to the project to ensure full funding as expected and no negative implications for the care service or structure while the works were undertaken.

Partnership Working

4.34. Working in collaboration with Police Scotland Edinburgh Division and Support Providers throughout Edinburgh, staff at DCHH have been working to develop a missing person's proforma. This is intended to support the flow of communication between support providers and Police Scotland where they have concerns for a missing person and to enable Police Scotland to start their enquiries as quickly as possible.

4.35. The form has now been developed and is currently in the pilot stage, it is expected that on completion of this that the form will be rolled out more widely across all Police Scotland divisions.

4.36. Harm reduction a key focus across all services where we work with individuals experiencing addiction dependency. Working in close partnership with the Harm Reduction Service in Edinburgh, we have trained 11 DCHH staff members in administering naloxone as well as supplying people with their own naloxone kit. Of the 11 staff trained, 3 staff are naloxone trainers enabling them to train other staff to further expand the services approach to harm reduction.

4.37. The Scottish Drug Deaths Task Force recognises that supported accommodation services like DCHH have an important role to play in harm reduction support as they have a high-risk population that are supported 24/7. As we fully emerge from the pandemic the service plans to continue to develop its approach and strategy around harm reduction ensuring it can continue to offer the most contemporary and relevant support to those that need it when they need it.

4.38. In Edinburgh Contact Point we work in close partnership with SAMH and Support in Mind to deliver THIRVE outcomes for CEC. Working with people with long or acute mental health conditions to manage and improve their mental wellbeing through a variety of interventions. This partnership established in 2020 has been refreshed following the pandemic and set out plans to improve service delivery and reach over the coming 12 months.

Care Performance and Development

4.39. The care performance framework monitors performance and determines improvements through collection of and monitoring of key data linked to our strategic and operational priorities including but not limited to:

- Accidents and incidents
- Customer satisfaction data
- Regulatory performance
- Absence and retention

4.40. All care services report data in line with organisational arrangements and requirements. The information is distilled, analysed with local and organisational trends fed back to service management teams. Local meetings are held monthly with operational management teams which then inform local and organisational improvements. DCHH have adopted the performance framework and use this to inform decision making at the service and target resources effectively.

4.41. Quarterly Leadership Forums are held in care with over 85 care leaders attending each meeting. The purpose of the forums is to bring operational management teams together to share best practice, look at strategic direction and operational planning for services. The forums have been virtual throughout the pandemic. In February and March, we held our first face to face forums in 2 years by meeting the leaders over three separate sessions to allow us to adhere to IPC measures. Leaders were emphatic in their enjoyment and the benefit of gathering in person.

4.42. Leaders Forums for the remainder of the year have planned themes of:

- Risk Management
- Care technology and innovation
- Induction, recruitment and retention
- Adult Social Care review – National Care Service Development

4.43. The sessions focus also on general business updates around performance and operational improvements and give dedicated time for managers to explore their role, their practice and co design improvements for the business.

4.44. Between May and September 2021, a short-life Care Policy Framework Review Group was established, incorporating staff of varying designations from across regulated and unregulated care services. The purpose of the group was to review the myriad policy and practice in play across the organisation and ensure they truly reflect legal, regulatory and best practice but also that they crucially reflect how we operate here and now with a focus on future proofing.

4.45. The full Care Policy Framework is undergoing final refinements following which it will be approved and implemented across care.

4.46. Throughout the last 3 months senior care staff have been working to develop a Care Quality Framework for use across all care services.

4.47. The Care Quality Framework has been designed with the intention of creating a reference point and toolkit for all care leaders to ensure high-quality, person-centred services are delivered and evidenced. The Framework brings together all of the facets that contribute to quality service provision. It provides a consistent model and consistent tools for all teams to use.

4.48. Dedicated Leaders Forums have taken place to consult with operational management teams thus ensuring processes and tools are coproduced. The Quality Framework will be presented to ET and Care Board for approval throughout March and April.

4.49. Compliance with statutory and mandatory training has remained a priority throughout the pandemic to ensure frontline staff were safe to practice. Academy colleagues moved quickly at the start of the pandemic to move induction and learning online. This has meant we have been able to retain safe practice across all our sites.

4.50. Moving forward, training profiles have been established for every service to which gives in detail the suite of training that we expect each staff member to have at each service. This profile will be used to send ‘push notifications’ to staff and managers where someone requires attending specific training.

4.51. A key focus of the next quarter is review of the full induction programme which is critical to engaging and preparing staff for practice. Our review will take into account the different services in operation, the different models of care and the Scottish Social Service Council requirements for care staff induction.

Retirement Housing

4.52. Prior to the pandemic, the DC Board considered the LivingWell model and agreed that we should review whether this model could be applied in Dunedin Canmore retirement housing.

4.53. This review has now been carried out. A full roll-out of the Livingwell model and branding was considered but would have meant that retirement housing customers would be required to pay additional service charges

4.54. A second option was therefore considered which would involve Wheatley Care providing the management service of the retirement complexes for Dunedin Canmore. This brings Wheatley Care’s expertise in care management and older persons’ services to support the retirement housing managers and free up the Housing Officers and the Head of Housing to concentrate on the housing aspects of the service.

4.55. A full implementation plan is being drafted that will see provision of the management service from Wheatley Care in early June 2022.

5. Customer engagement

5.1. Customer engagement remains at the heart of what we do. Care services engage daily/weekly with customers and use the opportunity to seek feedback on our service.

5.2. Formal feedback as sought between December and the end of January in respect of care customer satisfaction. The analysis of this has been concluded and a report is being compiled for presentation to the Board at a later date.

Retirement Housing

5.3. A communication plan will be implemented for customers within each of the retirement complexes regarding Wheatley Care's management service and reassuring them that there is no change in relation to their retirement manager or their Housing Officer service.

6. Environmental and sustainability implications

6.1. The pandemic has provided opportunity to consider new and effective ways of communicating and engaging with the people we support. Where appropriate the use of digital solutions has enabled the service to reduce its carbon footprint by reducing the reliance on transport.

6.2. The implementation of Residata (detailed below) has also enabled the reduction of paper-based records reducing the service's carbon footprint and contributing to the shared ambition of Wheatley and all subsidiaries to be carbon neutral.

7. Digital transformation alignment

7.1. Throughout the last 12 months significant progress has been made in progressing the digital agenda within care service. At the start of the pandemic all care staff were issued with an android phone enabling faster communication and connection with customers across our services. This has enabled staff to take a blended approach to service delivery making use of telephone and online engagement tools in line with individual preferences.

7.2. In using new ways to engage with people such as What's App, staff have found that some individuals, who were previously difficult to engage, are more willing and indeed more proactive in communicating and engaging with staff.

7.3. Working with Connecting Scotland staff were successful in securing Chromebooks and personal Wi-Fi devices for people supported by the service. The initiative was extremely successful in promoting digital inclusion and enabling individuals to remain connected throughout lockdown.

7.4. Residata is Care's online case management system which enables services to record and track daily contact in addition to outcome focussed planned support I line with our legal requirements. The platform was fully upgraded in 2021 and rolled out across the East of our operations.

7.5. The implementation of Residata has enabled the service to remove the need for paper-based systems and has also supported a much more efficient way of working, sharing information and being able to log and track peoples' own personal journeys and progress.

7.6. A Residata mobile app is under development in 22/23 and will see us transform the way some of our staff and services operate by supporting staff to have all of the information that they need to do their roles on their androids.

8. Financial and value for money implications

8.1. As part of Care's business planning process, the senior management team work closely with finance colleagues within Dunedin Canmore to ensure appropriate oversight and financial structuring. The service charge currently collected as part of the retirement housing service to cover staff management services will be used to support the management fee for the service to be provided by Wheatley Care.

9. Legal, regulatory and charitable implications

9.1. There are no legal and regulatory implications arising from this report. The Care Inspectorate has remobilised and is commencing inspections in Housing Support and Care at Home Services. This is welcomed by all care services.

10. Risk appetite and assessment

10.1. Our risk appetite statement details identified risks and associated risk appetite ranging from 'averse' to 'hungry' and our strategic projects are reflected across the full risk register.

10.2. The agreed risk appetite to growth and investment is open. This level of risk tolerance is defined as "being willing to choose the option that is most likely to result in successful delivery, while also providing an acceptable level of reward i.e., value for money."

Void Care Income Loss

10.3. Throughout the period April 2021 - March 2022 DCHH has continued to operate at reduced capacity due to ongoing fire compartmentation works. This has reduced the overall capacity of the service by approximately 20% which continues to have a negative impact in respect of overall rental income.

10.4. At the commencement of the improvement works, CEC agreed to the continuation of funding in respect of care and support costs associated with the void properties, this agreement remains in place and has been beneficial in minimising the financial impact the ongoing works have had.

Contract Viability

10.5. The contract awarded by CEC to DCHH in 2019 is due to end on the 30th June 2022. Discussions with representatives from the Council have confirmed their intention to utilise the full contract extension period of 12 months, extending the contract through to June 2023. To date no formal confirmation has been received from the Council therefore a formal written request for this to be sent, was submitted to CEC on 7th March 2022, we await a response.

11. Equalities implications

11.1. There is no direct impact from this report.

12. Key issues and conclusions

12.1. Bringing all care activity under the management of Wheatley Care has enabled a single and consistent view of care across group while strengthening our offering through proactive improvement planning and performance monitoring.

12.2. Retirement housing in Edinburgh is the only remaining care and support activity that sits out with care responsibility. The intention is to align this and transfer responsibility in June 2022.

12.3. Care performance throughout the pandemic remained strong with staff continuing to deliver exceptional care services in line with contract and customer requirements.

12.4. The reconfiguration programme which enables customers to transition to independent living is nearing conclusion and a full report outlining the impact will be brought to Board later in the year.

13. Recommendation

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

Dunedin Canmore

Report

To: Dunedin Canmore Housing Board

By: Hazel Young, Managing Director

Approved by: Steven Henderson, Group Director of Finance

Subject: New operating model update

Date of Meeting: 24 March 2022

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1. Purpose

1.1 This report updates the Board on progress with our new operating model and the proposed next steps as we emerge from the Scottish Government's Omicron-related restrictions.

2. Authorising and strategic context

2.1 Our new operating model is a key part of our 2021-26 strategy and was subject to detailed review and approval by the Board prior to its implementation. This includes our largest-ever tenant engagement exercise which allowed us to establish that the new model has strong support amongst our customers. However, given its ongoing strategic importance, it is proposed that we continue to update the Board on its progress throughout the course of the year.

3. Background

3.1 The Scottish Government released an update to its Strategic Framework: COVID-19 on the 21 February 2022, outlining an approach to managing the pandemic in Scotland into the summer of 2022 and beyond. The update to the Strategic Framework for managing COVID-19 sets out future plans as we prepare for a calmer phase and how this can be sustained. The Framework makes clear that – due to the progress in vaccination and treatments – there will be less reliance on legal requirements and more on people and organisations to take basic, sensible steps to reduce the risk of and harm from COVID-19. As regulations are converted into guidance, clear information will be provided to help people and organisations make and sustain the changes required to reduce transmission of the virus on a routine basis. This will involve maintaining and enhancing some of the behaviours and physical adaptations that have helped reduce transmission and will help to improve public health more generally going forward.

3.2 The restrictions imposed over December and January meant the ability of our staff to meet in person was limited. The Group-wide *Wheatley Way* staff engagement sessions were paused, and Board meetings went back to being online. Despite this backdrop, we have continued to make good progress with the implementation of our new operating model.

4. Discussion

4.1 The tenant consultation carried out last autumn contained four key customer-facing elements that underpin our new operating model. These were:

(i) Customer First Centre

4.2 The Customer First Centre (CFC) launched successfully on 1 December and has since handled a total of over 135,000 calls group-wide, of which around 40% related to repairs. Since January we have been able to access the specific figures for Dunedin Canmore, which are set out at 4.5 below. The Centre is open 24/7, 365 days a year. Specialist teams of housing professionals are now in place to support the call handlers and the overall resource in the centre has increased by 110 people on the previous call centre.

4.3 The CFC has updated and simplified the phone line structures and messages, reducing the number of routes/queues ("press 1 for repairs", etc) from 17 to 6; increasing use is being made of text for customer communities and this will continue with the environmental text update service presented to the Board last year. The technical IT system work has now been completed in readiness for extending webchat to more service areas post-April.

4.4 Early evidence shows that the CFC is proving to be an efficient way for tenants to get day-to-day problems solved and questions answered quickly. At the start of week commencing 14th February, the grade of service for us had risen to 88% of calls being answered within 30 seconds (8% higher than the target). Overall across Group 92% of calls were resolved by the call handler with no hand-offs to other staff required and the call abandonment rate was below 3%, compared to 13% last November.

4.5 The table below details the nature of calls received and grade of service for Dunedin Canmore from 19 January 2022 – 8 March 2022. This level of reporting has been a great benefit of the new Interactive Voice Response (IVR) that was introduced in January 2022.

Calls Presented	Dunedin Canmore
Customer Experience	3079
MyHousing	518
Repairs	4317
Third Party	1417
Grand Total	**9331**
% REPAIRS	**46%**
OVERALL SERVICE LEVEL	**88.11%**

4.6 Initial feedback from our housing officers is that they are experiencing a significant reduction in tasks allocated by the CFC (via our customer relationship management system) compared to the previous call centre. The percentage of repairs being raised by housing officers has also dropped, from over 30% last October to 12-15% by the start of February. This supports our commitment to reducing the transactional-type workload for housing officers, thereby freeing them up to spend more time mobile in our communities. We will continue to evaluate the activity profile of housing officers as part of our evaluation of the operating model over the course of the year.

4.7 The Group has commissioned an external review of the CFC, to be carried out during March and April. This will provide an independent assessment of what is working well and areas we should collectively focus on for further development after the first few months of its operation. We anticipate that a further detailed review will be carried out in 12 months' time to provide us with an external view on how well the significant investment which has been made in the CFC is delivering on our objectives.

(ii) More services in your home

4.8 Over recent months, our housing officers have continued to operate throughout our communities and deliver services to the door of customers' homes. Our staff are meeting customers face to face through home visits, or in locations of the customer's choice in the community, to deal with complex cases, supporting the most vulnerable and dealing with anti-social behaviour and estate management.

4.9 Customers can request a housing officer visit online or through the CFC, and housing officers can update their diaries while on the move using technology to access Office 365 on their devices. The ability of housing officer to support customers in their homes will be particularly important in the coming months for those on Universal Credit, as we can provide face-to-face support to help tenants navigate their DWP online journal and amend their claims to take account of the upcoming rent increase.

(iii) Do more online

4.10 Housing applications are already fully online through our *MyHousing* page, other than for our Edinburgh customers, due to the use of the common housing register Edindex in place with other landlords across Edinburgh. The online application for Edindex is under development and due to be launched later this year.

4.11 The Board was presented last autumn with details of a significant new digital service offering for environmental services, which will introduce a range of electronic communications for customers on issues such as stair cleaning and grass cutting. This is due to be introduced in the summer.

4.12 On repairs, we have conducted user experience testing on our repairs ordering website with small groups of tenants in preparation for it going live again. However, to deliver the full range of service to customers set out in our strategy – the “Book It, Track It, Rate It” approach – we will need to deploy a new system. We have identified a preferred provider (Localz) and are working with them on developing this approach. In parallel, our contractor IT system will also have to be upgraded to allow this functionality, since customer messages will be delivered from system.

4.13 In line with our project plan for the year, we have carried out a detailed evaluation, including feedback from a group of tenants, of potential “community apps” which could contain content about local events, customer news and information, etc. In response to tenant feedback, we propose not to develop an app just for this purpose, but to broaden our successful local digital engagement forums such as community Facebook pages instead. In this context, our social media engagement over the last year has seen:

- Nearly 11,000 social media accounts reached in February 2022;
- Total number of social media followers on our Facebook and Twitter in February was 2056 – up 57 year on year;
- Nearly 4000 page views each month to the DC website – remains steady year on year;
- 13% increase in page views month on month to the ‘Pay rent’ section on the website; and
- Website page containing information about mid-market and full-market rents remained in the top three most visited pages year on year.

4.14 Our strategy will focus on the development of a Wheatley app that offers key services, in particular repairs booking functionality.

(iv) Our new hubs – centres of excellence

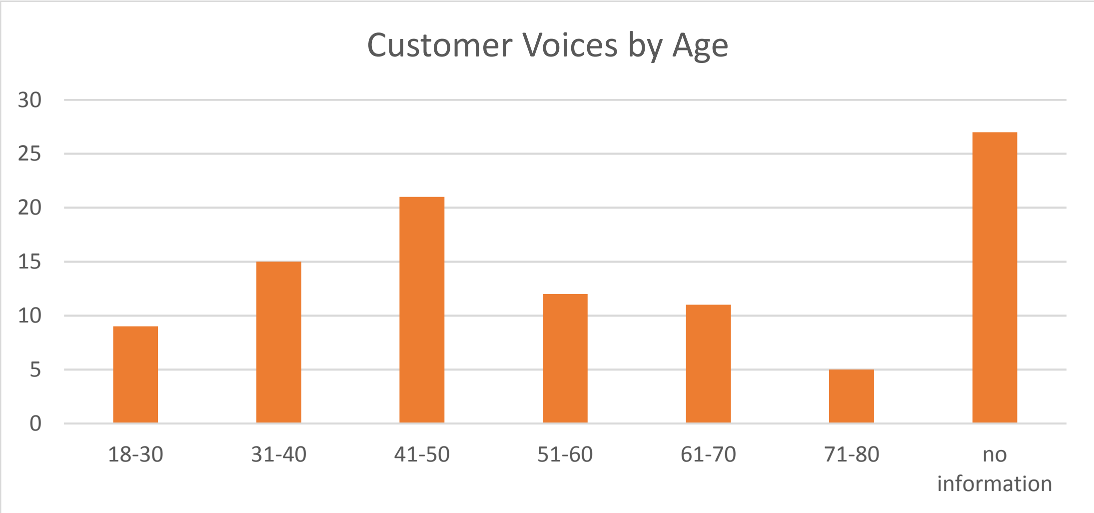
4.15 With the Scottish Government’s announcement of the move to hybrid working, staff have been returning in small groups to our Wheatley House hub. In Edinburgh, works are underway at our office at New Mart Road, with an overall July completion planned. The work will be undertaken in two phases, ten weeks per floor, with a new air conditioning system a key part of the project.

New engagement structures

4.16 To support our new way of engaging we have recruited our first 100 Customer Voices across the Group, 25 of whom are our customers. These Customer Voices are customers who have been involved in recent engagement work with us such as rent consultation focus groups; web self-service testing; local neighbourhood walkabouts and community events. As a follow on from these activities we have asked those involved if they would like to sign up with us as a Customer Voice, enabling them to take part in further activities with us to influence service design and local investment.

4.17 At the end of January, we wrote to all our customers to formally launch the Customer First Centre and to invite customers who were interested in engaging with us to sign up to our Customer Voice programme. We will follow this up with local Housing Officer engagement and information on social media to build up our database of customers who want to be actively engaged with us on local or group-wide activities.

4.18 Part of our commitment in the Stronger Voices engagement framework was to increase the diversity of those customers who actively engage with us to influence services and investment. Analysis of the first 100 Customer Voices show a gender split of 30% male to 70% female, so we will review how we can attract more male customers to become involved. We have also segmented our Customer Voices by age, where people were willing to share that information with us. As the chart below shows we have some diversity across age bands, and the fact that we have been promoting more digital engagement activities is likely to have helped us attract more customers in lower age bands than we have been able to previously.



4.19 Our Customer Voice engagement programme for 2022/23 is currently in development. This includes strategic group-wide projects as well as local activities such as neighbourhood walkabouts, identifying local Customer Voice investment projects, You Choose Challenges for community development, and community events. WLHP customers will be engaged in formal consultation on the partnership proposal between WLHP and us, we will also consult informally with our customers on the partnership.

4.20 In terms of Group-wide engagement activities, these will feature the following topics:

- Equality and diversity – focus groups with customers looking at the development of our Equality and Diversity approach and the information we collect from customers for this purpose;
- On-line services – further customer journey mapping and user research with customers to ensure our on-line service offering meets customer needs and requirements;
- Customer First Centre – we will be using customer insight to improve and refine this service, and we will also involve Customer Voices in the scrutiny of this information through engagement panels;
- Community led development – we will use a mixture of focus groups and surveys to work with local communities in areas where we have proposed new build sites; and
- Repairs – we will use focus groups and customer journey mapping to gather insight and improve customer experience of our repairs service.

New working model for staff

4.21 The new operating model also changes the way many of our staff work. Even those whose working patterns and locations may not change – such as our repairs and environmental operatives – will be impacted in some way by the changes. For example, new technology such as the environmental app presented to the Board last year will have an impact on how the environmental operatives work and how our Housing Officers engage with them. It will be important that we understand the differential impacts in the different parts of our organisation so that we can learn how the model is working and make adjustments as necessary.

4.22 A Group-wide steering group will be established to oversee the key workstreams. These will include:

- **A review of our policies and procedures** – while a number of key policies have already been updated, such as health and safety, lone working and working from home; it will be important to assess how these are operating in practice, as well as identifying any further amendments necessary to these or other policies. For example, we may augment areas of staff guidance to reflect the long-term use of video conferencing;
- **Understanding the staff experience** – we continue to engage with staff to understand their experiences of the new working model and any elements we may need to adjust. This will also inform an assessment of training needs and building design/functionality, such as whether changes need to be made to the layout or operation of our Centre of Excellence to support staff working arrangements;
- **Learning and development** – this operates differently in a blended working context, with a mix of online and face-to-face approaches. The group will consider the balance between these, and which models are proving most effective; and
- **Leadership** – this year Group will launch a new leadership development programme, but we recognise that this will require ongoing adaptation considering staff feedback and experiences of how leadership models are evolving in the blended working environment. Staff empowerment and a culture of trust have been key elements of our Think Yes culture, and we will consider how this continues to develop in our new model; for example, through considering questions such as how we might devolve more responsibility and accountability to repairs trades teams.

5. Customer engagement

5.1 A letter was issued to all our tenants at the end of January informing them of the results of the consultation on the operating model. It also informed tenants that the CFC has been established and sought interest for becoming part of our new engagement structures.

6. Environmental and sustainability implications

6.1 The new operating model supports our objective to transition to a net zero corporate carbon footprint by 2026. The reduced office footprint, more energy efficient buildings and reduced staff travel form part of this. More detail will be included in updates to future Board meetings.

7. Digital transformation alignment

7.1 The new operating model is a key element of our digital transformation plans. In addition to developing our digital customer services, we are increasingly using digital means of engagement – for example, this year we have run rent focus groups online for the first time.

8. Financial and value for money implications

8.1 The proposals in this report can be funded within existing budgets as set out in our business plan projections; there are no new financial implications.

9. Legal, regulatory, and charitable implications

9.1 To support our new operating model, we will undertake a review of compliance with laws, policies, and regulations across all areas of the Group over the coming months. This will provide a further level of assurance that in changing our operating model and working practices, we continue to be compliant with applicable requirements. This will include technical building maintenance and environmental requirements such as water testing, electrical checks, and fire safety. It will also cover compliance with corporate governance and regulatory requirements such as Companies House, Scottish Government and Scottish Housing Regulator codes of practice and Financial Conduct Authority rules.

10. Risk appetite and assessment

10.1 Our risk appetite for service delivery innovation is “open”; which means we are prepared to take risk and embrace change. In this context, our new operating model represents a significant change from our previous approach, and it is critical to the success of our overall 2021-26 strategy.

10.2 If key elements do not operate effectively – for example, the CFC or the model of hybrid working – then there is a risk that we might fail to deliver our strategic objectives around customer satisfaction, service standards and staff morale. For that reason, this paper sets out a number of measures designed to closely monitor the impact and effectiveness of our new operating model and to allow us to refine elements of it as required in the coming months.

11. Equalities implications

11.1 There are no further equalities implications associated with this report.

12. Key issues and conclusions

12.1 We are progressing the implementation of our new operating model which was approved by the Board and endorsed through tenant consultation.

12.2 Grade of service is improving in the CFC although we are still slightly under the 90% target at 88%. Housing Officers are experiencing a reduction in the high number of transactional calls they were receiving direct from customers, and this is enabling them now to spend more time in their communities, supporting our customers.

12.3 Working is progressing on our new Centre of Excellence at New Mart Road with an expected completion date of July 2022.

12.4 We have recruited 25 Customer Voices as at the end of February 2022 and Housing Officers continue to promote our new way of engaging which will see us recruiting more over the next few months. Customer Voices recruited locally will also have the opportunity to be involved in Group-wide strategic projects.

12.5 We continue to support our staff to deliver in the new way of working and will be participating in a Group-wide steering group to explore the areas of leadership; learning and development; staff experience; and supporting policies and procedures.

13. Recommendation

13.1 The Board are asked to note the contents of the report.

Dunedin Canmore

Report

To:	**Dunedin Canmore Housing Board**
By:	**Brian Stewart, Director of Repairs, Investment and Compliance**
Approved by:	**Frank McCafferty, Group Director of Assets and Repairs**
Subject:	**Home Safe Building Compliance update**
Date of Meeting:	**24 March 2022**

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1. Purpose

1.1 This report provides an update to the Board on our building compliance activity following the remobilisation of our workstreams post-pandemic.

2. Authorising and strategic context

2.1 Under the Group Authorise/Manage/Monitor matrix, the Board is responsible for the on-going monitoring and scrutiny of our compliance with relevant legislation and regulation. This report provides the Board with an operational update and details of compliance works that are undertaken as well as ongoing activities.

2.2 In line with our Strategy "Your Home, Your Community, Your Future" we will maintain our commitment to "make the most of our homes and assets". We will ensure through our home safety compliance programmes that we protect and maintain our assets, for the benefit of our customers.

3. Background

3.1 Our compliance works programmes includes gas servicing, thermostatic mixer valves (TMVs), water management including legionella prevention and electrical works such as electrical inspections and smoke and heat detector lifecycle replacements.

3.2 Landlords have a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.

3.3 Landlords also have obligations under legislation or approved codes of practice for a variety of building maintenance and inspection activities related to firefighting equipment (dry risers/sprinklers), lifting equipment, alarm systems.

3.4 Landlords also have a responsibility for electrical safety including carrying out electrical inspections, commonly referred to as Electrical Installation Condition Reports (EICR).

3.5 The status of our other compliance work programmes is shown in the table below.

Work Stream	Cycle	Status
TMV maintenance and Installation	Annual	Rolling programme ongoing since remobilisation
Smoke and Heat Detector life-cycle replacement programme	Every 10 years but is dictated *annually* by build date / LD2 install date	Rolling annual programme
Electrical (EICR)	Every 5 years	Rolling annual programme
Lift Insurance Inspections	Six monthly	Rolling programme continued through the pandemic
Proactive Lift Maintenance	Monthly	Ongoing
Mechanical and Electrical Works	Subject to asset requirements: examples are CCTV. Pumps, aerials, hoists	Ongoing

3.6 The key objectives for compliance work are:

- To increase customer safety within their homes by undertaking both statutory and good practice compliance activities.
- Increasing access levels for our trades operatives and other specialist contractors.
- Package up home safety visits where practical and minimise number of visits to decrease inconvenience to the customer while enhancing value for money and productivity.
- Increase visibility of compliance works with frontline staff, particularly Customer First Centre colleagues who can engage with customers while raising day to day repairs for example.

One and done approach

3.7 Our approach to delivering compliance activities is embedded in the Group Repairs and Maintenance Policy Framework:

"*The Group's approach is to offer a one-stop shop service through compliance trades teams for compliance events required within a customer's home…. The aim of this service is to minimise disruption to the customer and to provide assurance on the safety of our homes."*

3.8 To that end, we have developed a dedicated Home Safety team which both plans and delivers the compliance programme. This Home Safety Team consists of officers and trades operatives with expertise across gas, electrical, water management and lift safety as well as customer service staff. For specialist functions the team will engage an appropriate external contractor.

3.9 Wherever practical for similar related compliance activities within Dunedin Canmore stock we will endeavour to package works together subject to asset compliance cycles, property attributes and individual customer requirements.

Type of Package	Stock Targeted	Type of works
Home Safety Bundle 1: Gas and Water Mgt works	Gas properties	• Annual gas servicing • Temperature checks at water outlets • TMV works • Test/servicing of smoke/heat/carbon monoxide detectors • Complete all certification
Home Safety Bundle 2: Electrical installs and servicing	All properties	• Installation of S + H detectors (re-life programme) • Carry out EICR inspections • Test/servicing of smoke and heat detectors

3.10 When any of our properties are vacant we will also use the opportunity to carry out compliance activities. The purpose of the void compliance works is to ensure that customers receive a home which is safe and secure for them to live in, while also maximising the access opportunity for us to undertake as much cyclical or capital compliance works as possible while the property is vacant.

4. Discussion

Gas Safety

4.1 The measures to reduce the spread of COVID-19 in the early phases of lockdown had a significant adverse impact on our gas safety performance. Historically, Dunedin Canmore had 100% gas safety compliance (i.e. no outstanding CP12 gas certificates). Achieving this compliance requires an annual inspection of every property with gas. We have 4,780 homes on the gas servicing contract.

4.2 Since 31 August 2020, Dunedin Canmore has recovered our historical performance position and returned to zero failed CP12s and 100% compliance with SHR Annual Return on Charter (ARC) performance indicators. We have maintained zero CP12 fails since reaching that level in August 2020.

4.3 In addition to the formal appointment letters that are issued we have maintained our pro-active outbound calling through our customer service team, to maximise access into our tenant's homes and allow them the flexibility to change appointments over the phone.

4.4 Only as a last resort after we have exhausted all reasonable efforts to obtain access do we move to a forced appointment, to guarantee we maintain compliance and ensure the safety of our tenants.

Water Management

4.5 Legionella testing is part of our overall water management strategy and is a year round programme.

4.6 Our testing regime varies on a site by site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.

4.7 The table below provides details of progress against the annual programme.

	Inspections completed so far	Total Inspections/Assessments Required	Percentage completion
Dunedin Canmore	45 sites	45 sites	100%

TMV Servicing

4.8 TMVs are fitted to water pipes and blend hot and cold water to ensure constant safe temperatures. The table below provides the total number of households within this programme in Dunedin Canmore.

	Qualifying Households
Dunedin Canmore	**762**

4.9 Our TMV programme is a rolling annual programme, and includes potentially vulnerable customer groups within qualifying households (e.g. those households with children under 5 years old or adults over 75 years old and also some sites where we deliver care services). The qualifying households are reviewed annually.

Smoke and Heat Detectors

4.10 We carried out a programme in our homes to install upgraded smoke and heat detectors in our homes before the Scottish Government deadline of the 31st January 2022. All customers were offered several appointments to enable the works to be completed at a time suitably convenient for them. Only as a last resort did we move to a forced appointment, to ensure we achieved 100% by the deadline.

Periodic Electrical Testing (EICR)

4.11 In May 2020 the Scottish Government updated its guidance to social landlords via the Scottish Housing Quality Standards (SHQS), requiring that periodic electrical inspections be undertaken in all properties on a cycle of no more than 5 years. This brought the social housing sector in line with guidance issued to the private rented sector in 2015. The relevant Part of the new SHQS guidance recommends that outstanding electrical inspections “should be done by the end of March 2022”. Landlords must make “reasonable efforts” to ensure that homes are accessed to carry out the inspection.

4.12 Historically Dunedin Canmore budgeted for periodic inspection on a 5 yearly cycle, reflecting the following risk mitigation considerations:

- significant internal investment works that were carried out in Dunedin Canmore properties over the last decade included electrical upgrades as required;
- Age (build year) of the stock;
- availability of electrical safety repairs for customers 24/7/365;
- inspections and electrical repairs/upgrades undertaken at void; and
- on-going one off investment works which identify issues with electrical installations.

4.13 We undertook periodic electrical inspections in customers’ homes (as required) when we were installing the new smoke and heat detector systems, to minimise disruption to customers.

4.14 The table below shows our current position with obtaining access to carry out the electrical inspection, which takes two hours to complete, the property must have credit in the electricity meter and clear access to power outlets in all rooms.

	Stock	EICR Total Outstanding	Percentage completion
Dunedin Canmore	5,426	993	81.7%

Lift Inspections and Maintenance

4.15 Lift inspections by our insurance engineers took place as normal throughout the pandemic and lockdown and any time related defects that were identified were actioned by our lift contractors as a priority. Any minor defects or recommendations have also now been completed since we remobilised back in April 2021.

4.16 Proactive servicing of our lifts is carried out monthly via our approved Insurance company (HSB)

4.17 All emergency callouts are being dealt with within timescales and there is continued dialogue with the contractor about any potential issues

Mechanical and Electrical Works

4.18 Throughout the lockdown our specialist Mechanical and Electrical (M&E) contractor and their supply chain worked under our instruction to undertake all statutory compliance works which are accessible within common areas of our blocks or within landlord controlled areas (tank rooms, risers etc.), this work included water testing, dry riser testing, fire alarm maintenance.

4.19 All emergency callouts were dealt with within timescales.

4.20 The majority of our M&E equipment is within communal areas of blocks, which allowed our contractor to catch up quickly on non-essential works ensuring all our M&E works were up to date shortly after we remobilised.

Management and Delivery

4.21 Our Home Safety team will continue to provide day-to-day management of our compliance work programmes including all project management functions, supporting our Customer First Centre model with customer communication and providing all performance, financial monitoring and reporting. The team's approach will ensure we continue to provide a robust landlord assurance function across maintaining compliance in this area.

5. Customer engagement

5.1 Our experience through the COVID-19 pandemic highlighted the value of proactively engaging our customers and emphasising the importance of our compliance work programmes through our annual "Stay Safe" Messaging.
(See Appendix 1)

We will continue to develop our approach to working with our customers to deliver our compliance activities in the new operating model, utilising the size and scale of our new Customer First Centre to engage our customers and work with our Home Safety team to improve overall access rates.

5.2 We will further strengthen communications with customers at each stage to explain:

- what we are doing and why it's important;
- how we will ensure the work can be carried out safely;
- what we need them to do; and
- how they can get in touch to talk to us.

5.3 Key messages in all our communications to customers on compliance will be:

- The safety of our customers and staff is our top priority and as a result we will continue to follow all recommended best practices on PPE;
- Compliance activities are essential work aimed at keeping you and your home safe; and
- Develop positive messaging to improve the profile of compliance activities so that our customers see them as "value works".

5.4 These key messages, supplemented where appropriate with detail of the individual project or work being carried out, will be communicated to customers using a range of channels including telephone calls, on-line, web and social media.

6. Environmental and sustainability implications

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

6.2 However our approach to carry out associated compliance works in one visit will as a result lead to fewer travel visits by engineers and trade staff across our homes.

7. Digital transformation alignment

7.1 We will look to align our compliance activities work programmes with our digital transformation strategy. Giving customers more choice over appointment timeframes and offering a digital self-serve method for the customer arrange compliance works in their homes.

8. Financial and value for money implications

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

8.2 Budgets for these work streams have already been agreed and improved as part of the 5-year plan already approved at Board.

9. Legal, regulatory and charitable implications

9.1 In considering the current legal implications, the organisation will respond to any changes to regulations from the Scottish Government and SHR as and when they may arise.

9.2 The amendments to the Scottish Housing Quality Standards in relation to Periodic Electrical inspections required us to increase our electrical inspection programme to work towards the recommended target date of 31 March 2022.

10. Risk appetite and assessment

10.1 The organisation’s risk appetite relating to building compliance work streams is “minimal” i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.

10..2 Risks relating to repairs and maintenance are set out in the Dunedin Canmore Housing risk register. In addition, some compliance activities, for example gas servicing, are embedded in the Scottish Housing Regulator’s reporting requirements.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 We completed all essential compliance activities throughout the pandemic and lockdown, keeping our homes and customers safe.

12.2 We will continue to develop our approach to maximising access for compliance works through our new operating model.

12.3 We will continue to offer a “one and done” approach where possible for similar related compliance activities subject to asset cycles, property attributes and customer requirements.

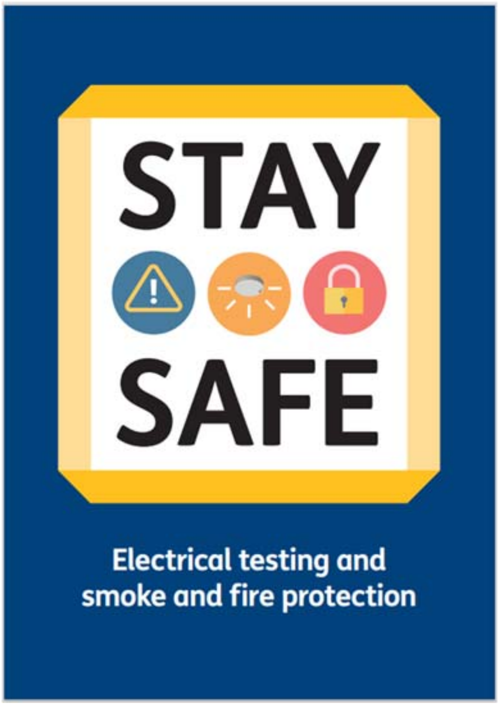
12.4 We will ensure we remain agile and alert to any changing legislation or best practice to maintain our commitment to providing a robust level of landlord assurance across the various compliance activities.

13. Recommendation

13.1 The Board are asked to note the content of this report and agree the proposed approach to compliance related works.

List of Appendices

Appendix 1 - Stay Safe Branding



Dunedin Canmore

Better homes, better lives

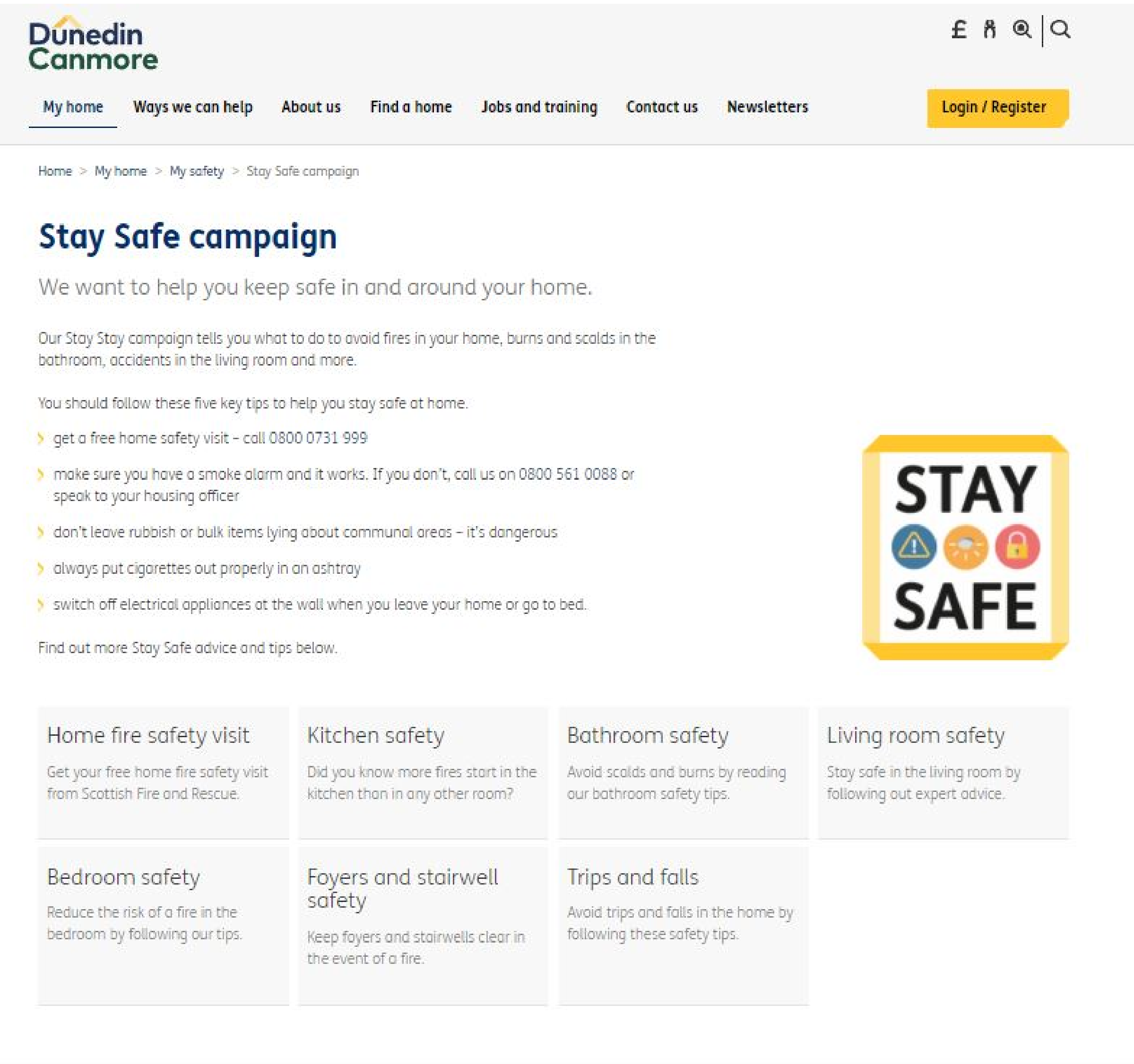
What are we doing?
- Fitting new smoke and heat detectors ahead of Scottish Government Legislation
- Electrical testing to ensure homes continue to be safe

Why are we doing this?
- Reducing the risk to customers in the event of fire in the home
- Early warning with improved smoke and heat detectors
- Legislation is changing, and we want to be compliant in advance of the new Scottish Government legislation being introduced

What is involved?
- Installing new smoke and heat detectors takes around two hours
- Electrical testing and installing new smoke and heat detectors takes around four hours
- There will be some drilling during the work and we will clean up after the work
- Some of our staff will be wearing protective clothing as a precaution while they carry out the work

How to help?
- Be at home for your appointment
- Don't smoke in the room where our staff are working
- Keep pets under control

Part of Wheatley Group



Dunedin Canmore

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Home > My home > My safety > Stay Safe campaign

Stay Safe campaign

We want to help you keep safe in and around your home.

Our Stay Stay campaign tells you what to do to avoid fires in your home, burns and scalds in the bathroom, accidents in the living room and more.

You should follow these five key tips to help you stay safe at home.

- get a free home safety visit – call 0800 0731 999
- make sure you have a smoke alarm and it works. If you don't, call us on 0800 561 0088 or speak to your housing officer
- don't leave rubbish or bulk items lying about communal areas – it's dangerous
- always put cigarettes out properly in an ashtray
- switch off electrical appliances at the wall when you leave your home or go to bed.

Find out more Stay Safe advice and tips below.

STAY SAFE

Home fire safety visit
Get your free home fire safety visit from Scottish Fire and Rescue.

Kitchen safety
Did you know more fires start in the kitchen than in any other room?

Bathroom safety
Avoid scalds and burns by reading our bathroom safety tips.

Living room safety
Stay safe in the living room by following out expert advice.

Bedroom safety
Reduce the risk of a fire in the bedroom by following our tips.

Foyers and stairwell safety
Keep foyers and stairwells clear in the event of a fire.

Trips and falls
Avoid trips and falls in the home by following these safety tips.

Report

To: **Dunedin Canmore Housing Board**

By: **Chris Cameron, Finance Manager**

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

Subject: **2022/23 Budget**

Date of Meeting: **24 March 2022**

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1. Purpose

1.1 The purpose of this paper is to seek approval for the 2022/23 budget.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Dunedin Canmore ("DCH") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the DCH Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

3. Background

3.1 At the previous meeting on 10 February 2022 the Board approved the 2022/23 five year financial projections and agreed that the 2022/23 figures would form the basis of the 2022/23 annual budget, which is presented at Appendix 1.

4. Discussion

<u>2022/23 Budget</u>

4.1 The detailed budget pack presented at Appendix 1 tracks comparative figures from the 2021/22 forecast to the 2022/23 budget to give the context of the year on year changes.

4.2 The 2022/23 budget reports an operating surplus of £13,237k, and a statutory surplus of £6,748k, both £249k lower than financial projections, due to a proposed increase to insurance premiums following the outcome of the 2022/23 insurance renewal and an increase in the budget for fuel costs for DC Property Services ("DCPS") vehicles increasing the cost to deliver in-house repairs and maintenance.

4.3 Net rental income of £31,357k is in line with financial projections and reflects the agreed 1.9% rent increase (2% for ex Barony tenants) and includes a void assumption of 1.6%. It is £862k higher than the 2021/22 forecast, reflecting the rent increases and the rent due on the 80 new build properties for social rent expected to be completed during 2022/23.

4.4 Other income includes lease income from Lowther Homes for our mid-market ("MMR") properties, commercial income and supporting people income at the Harbour. The increase in MMR lease income is from the 12 properties due to be completed in the year.

4.5 Direct employee costs of £4,244k are £622k lower than 2021/22 forecast. This reflects the final payments due under the current SHAPs deficit recovery plan being paid in 2021/22. The budget includes the agreed inflationary cost of living uplift.

4.6 Direct running costs are budgeted at £3,782k, which is £49k higher than the financial projections. The increase is due to an increase in insurance premiums following the conclusion of the renewal terms for 2022/23.

4.7 Budgeted revenue repairs and maintenance expenditure of £4,639k is £639k lower than 2021/22 forecast as we anticipate spend to return closer to historic levels following a period of increased demand after the relaxation of covid-19 restrictions. The budget is £200k higher than the financial projections due to an additional provision which has been made to cover higher fuel costs for in house repairs vehicles, with diesel prices trending sharply upwards since the outbreak of hostilities in Ukraine.

4.8 Within investment expenditure, the budget reflects total capital investment of £36,792k across our existing properties, new build development programme and other capital expenditure which includes our share of Group ICT capital investment and refurbishment costs for New Mart Road.

4.9 Appendix 2 compares operating costs per unit as included in the approved financial projections for the first five years including and excluding inflation.

5. Customer engagement

5.1 This report relates to our 2022/23 budget and therefore there is no direct customer implications arising from this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

8.2 The budgeted net operating surplus is £249k lower than the financial projections, with additional provision being made for higher insurance renewal costs and in recognition of recent price increases for fuel which are likely to increase the costs of operating our in house repairs service.

8.3 Financial covenants are assessed for the RSLs within the WFL1 borrowing group as a whole. In preparing the 2022/23 budgets across the RSL borrower group, we have identified financial mitigations which offset the additional insurance and fuel costs included in our 2022/23 budget and allow the overall budgeted operating surplus and covenants for the WFL1 borrowers to be maintained in line with the RSL financial projections and for financial policy limits to be met.

9. Legal, regulatory and charitable implications

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

10. Risk appetite and assessment

10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the proposed 2022/23 budget.

13. Recommendation

13.1 The Board is requested to approve the draft 2022/23 budget.

LIST OF APPENDICES

Appendix 1: Dunedin Canmore Budget 2022/23
Appendix 2: Financial projections - operating costs per unit

2022-23 Budget

Operating Statement

	2021/22 Forecast £ks	2022/23 Financial Projection £ks	2022/23 Budget £ks	2022/23 Budget Variance to FP £ks
INCOME				
Rental Income	30,870	31,882	31,882	-
Void Losses	(375)	(524)	(524)	-
Net Rental Income	**30,495**	**31,357**	**31,357**	**-**
Grant Income recognised in the year	5,788	6,411	6,411	-
Other income	3,263	3,265	3,265	-
TOTAL INCOME	**39,546**	**41,034**	**41,034**	**-**
EXPENDITURE				
Employee Costs - Direct	4,866	4,244	4,244	-
ER/VR	-	464	464	-
Employee Costs - Group Services	1,716	2,065	2,065	-
Direct Running Costs	3,273	3,733	3,782	49
Running Costs - Group Services	1,007	1,334	1,334	-
Revenue Repairs and Maintenance	5,278	4,439	4,639	200
Bad Debts	296	302	302	-
Depreciation	10,908	10,967	10,967	-
				-
TOTAL EXPENDITURE	**27,344**	**27,547**	**27,796**	**(249)**
NET OPERATING SURPLUS / (DEFICIT)	**12,202**	**13,487**	**13,237**	**(249)**
Operating Margin	*31%*	*33%*	*32%*	*-1%*
Interest Receivable	6	6	6	-
Interest Payable	(6,728)	(6,496)	(6,496)	-
STATUTORY SURPLUS / (DEFICIT)	**5,480**	**6,997**	**6,748**	**(249)**

INVESTMENT				
Total Capital Investment Income	**13,043**	**16,832**	**16,832**	**-**
Total Expenditure on Core Programme	6,084	5,617	5,617	-
New Build Expenditure	20,167	29,711	29,711	-
Other Capital Expenditure	1,008	1,464	1,464	-
TOTAL CAPITAL EXPENDITURE	**27,259**	**36,792**	**36,792**	**-**
NET CAPITAL EXPENDITURE	**14,216**	**19,960**	**19,960**	**-**

Key highlights:

- The 2022/23 budget shows a net operating surplus of £13,237k and statutory surplus of £6,748k, which are both £249k unfavourable to the financial projections, due to increases in insurance premiums following the outcome of the 2022/23 insurance renewal and a provision for higher fuel costs for in house repairs and maintenance vehicles.
- Net rental and service charge income of £31,882k is in line with financial projections. It is £1,012k higher than the 2021/22 forecast, reflecting the 1.9% rent increase (2% for ex Barony tenants) and additional rent due on the additional new build properties for social rent expected to be completed during 2022/23 and those completed during 2021/22. Voids are in line with the financial projections and budgeted prudently at 1.5% for general needs stock.
- Other income of £3,265k is broadly in line with the 2021/22 forecast. This includes MMR lease income from the 12 properties due to be completed in 2022/23 with the DCPS surplus budgeted at £88k.
- Grant income included in the budget of £6,411k reflects the planned completion of 80 new build properties for social rent and 12 MMR properties.
- Direct employee costs of £4,244k are £622k lower than 2021/22 forecast with the final payment due under the agreed recovery plan for the SHAPs deficit contributions paid in the 2021/22 financial year.
- Recharges to Wheatley Group services, which include employee and running costs of £2,065k and £1,334k respectively, are in line with financial projections.
- Direct running costs are budgeted at £3,782k, which is £49k higher than the financial projections. An increase to insurance premiums has been included following the outcome of the 2022/23 insurance renewal, with challenging market conditions for property damage and cyber liability. The majority of the budget covers office and property running costs, including insurance and property rental costs.
- Budgeted revenue repairs and maintenance expenditure of £4,639k is £200k higher than financial projections due to the increase in fuel cost assumption in recognition of the impact of increasing fuel prices within the costs of delivering the service.
- Bad debt expenditure per the budget of £302k is in line with financial projections and has been set prudently, allowing for the potential impact of increased number of customers receiving universal credit.
- Net capital expenditure is budgeted at £19,960k for 2022/23. This includes new build, major repairs on existing properties, and other fixed asset additions; all are in line with the new build and capital investment plans included in the financial projections.

Rental & Other Income

Income (£'000)	2021/22 Forecast	2022/23 Budget
Rental Income		
Rent Receivable	30,870	31,882
Void Losses	(375)	(524)
Net Rental Income	**30,495**	**31,357**
Void Loss %	*1.2%*	*1.6%*
Other Income		
Mid-Market Lease Income	2,157	2,186
Supporting People	392	477
Commercial Income	170	202
DC Property Services - Net Result	189	88
Medical Adaptation Grant	210	166
Other Income	145	145
	3,263	**3,265**
Grant Income		
Housing Association Grant	5,788	6,411
Total Income	**39,546**	**41,034**

Comments

- **Net rental income**, which includes rent and service charges, less void losses, is budgeted at £31,357k, £862k higher than the 2021/22 forecast.
- This increase reflects the 1.9% rent increase (2% for ex Barony tenants) and additional rent due to the additional 80 new build properties for social rent expected to be completed during 2022/23.
- Void losses of £524k are set at 1.5% for mainstream properties and 5% for supported living properties and for rent at the Harbour. The budgeted void loses are £149k higher than the 2021/22 forecast, showing prudency in budgeted assumptions. The assumptions are in line with the financial projections.
- **Other income** of £3,265k includes £2,186k of MMR lease income from Lowther Homes and reflects 12 new build properties expected to be completed during 2022/23. DCPS is budgeted to make a surplus of £88k in 2022/23. This is in line with the business plan projections. Other income budget of £145k reflects lease income from Wheatley Care for High Riggs and from Lowther for their use of the New Mart Road office as well as income from solar panels installed on our properties.
- Grant income included in the budget of £6,411k reflects the planned completion of 80 new build properties for social rent and 12 MMR properties.

Employee Costs

Employee Costs (£'000)	2021/22 Forecast	2022/23 Budget
Employee Costs - Direct		
Housing and Admin	2,384	2,340
Environmental	890	1,075
Harbour	786	829
Past Service Pension Deficit	806	-
	4,866	**4,244**
Employee Costs - Group Services	1,716	2,065
	6,582	**6,309**

Comments

- Total employee costs, including frontline staff and Wheatley Group services, are budgeted at £6,309k.

- Direct employee costs of £4,244k are £622k lower than 2021/22 forecast due to the payment of the final amounts due under the current recovery plan being made in 2021/22. Staff costs include an inflationary cost of living uplift in costs consistent with the financial projections.

- **Housing and admin** related costs are budgeted at £2,340k, a £44k decrease on 2021/22 forecast, due to a number of staff moving to Solutions as part of the specialist housing teams within the Customer First Centre.

- Staff costs for **Wheatley Group services** are shown separately and include recharges for all support functions. These have increased £349k to £2,065k as a result of the changes to the increase in the Customer First Centre.

Running Costs

Running Costs (£'000)	2021/22 Forecast	2022/23 Budget
Direct Running Costs		
Housing & Office Costs	2,536	2,773
Harbour	171	252
Initiatives	187	299
Wheatley 360	170	135
Environmental	208	324
	3,273	**3,782**
Running Costs - Group Services	1,007	1,334
	4,280	**5,116**

Comments:

- Total running costs are budgeted at £5,116k. The variance from the financial projections is due to an increase in Dunedin Canmore's share of Group insurance costs most notably for property damage and cyber liability following the outcome of the 2022/23 insurance renewal.

- **Housing and Office** costs includes insurance, travel, utility, printing & stationary, and other running costs. The increase of £237k reflects the costs assumptions for the higher rates of inflation within the 2022/23 financial projections. This includes an increase of 100% in utility costs and includes the additional increase in insurance costs.

- **Initiative** expenditure of £299k is budgeted for 2022/23. This includes a donation to the Wheatley Foundation, delivering services in areas such as education and fuel poverty reduction and £149k for tenancy sustainment, delivered by the Wheatley Care TSS service.

- **Environmental** costs of £324k are budgeted for 2022/23 and includes material and equipment expenditure.

Repair & Maintenance Expenditure

Repair & Maintenance Expenditure (£'000)	2021/22 Forecast	2022/23 Budget
Reactive Repairs	3,549	2,743
Cyclical Maintenance	1,729	1,895
	5,278	**4,639**

Comments:

- Budgeted repair and maintenance expenditure on our properties is £4,639k for 2022/23. This is an increase of £200k on 2022/23 financial projections due to an increase in fuel cost assumptions associated with in house repairs and maintenance. The budget amount of £4,639k is also £639k lower than 2021/22 forecast as we anticipate spend to return to business as usual levels, following a period of increased demand following the relaxation of covid-19 restrictions. The budget also reflects an inflationary uplift in cost, and additional budget provision linked to additional stock numbers.

- **Reactive repairs** include appointment and emergency repairs as requested by our tenants, delivered in-house by DCPS.

- **Cyclical maintenance** includes electrical testing, gas servicing, mechanical equipment and pump/tank maintenance contracts, and other maintenance expenditure such as fire safety and alarm maintenance on our properties.

Capital Expenditure

Investment expenditure	2021/22 Forecast	2022/23 Budget
New Build Development - Cost	20,167	29,711
New Build Development - Grant	13,043	16,832
Core Programme Expenditure	6,084	5,617
Other Capital Investment	1,008	1,464
TOTAL CAPITAL EXPENDITURE	**27,259**	**36,792**
NET CAPITAL EXPENDITURE	**14,216**	**19,960**

Comments:

- Net capital expenditure is budgeted at £19,960k for 2022/23. This includes new build, major repairs on existing properties, and other fixed asset additions.

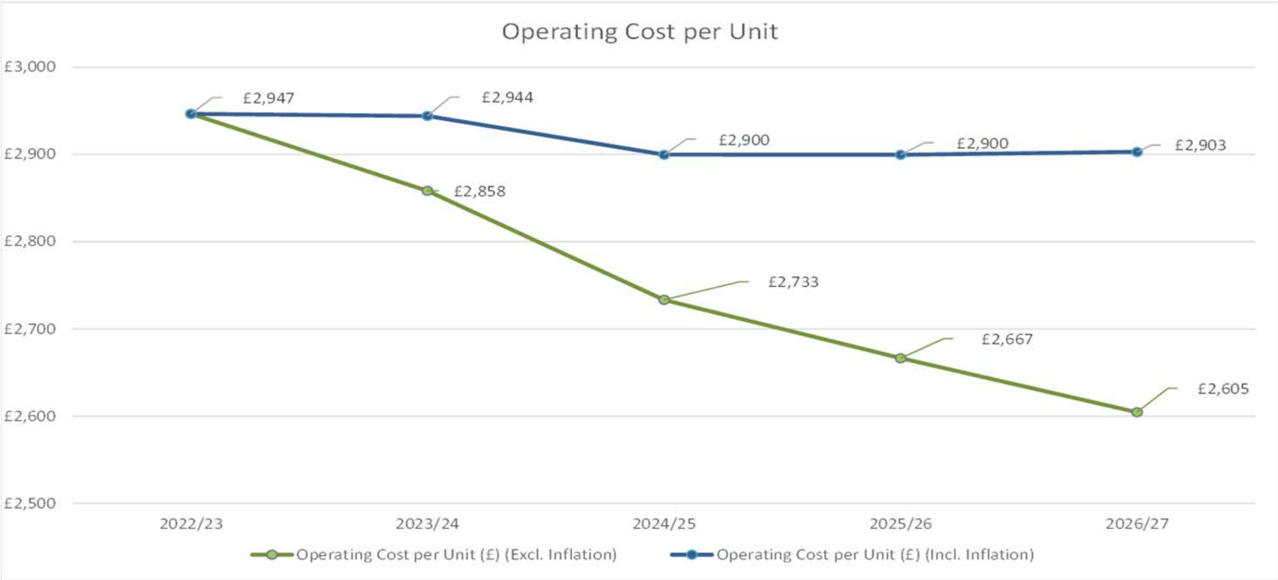
- The budget for **new build** expenditure is £29,711k, in line with financial projections.

- We anticipate DC to receive **grant income** of £16,832k in 2022/23, pending confirmation from the relevant local authorities. Grant claimed and received during the year relates to developments not yet completed will be deferred until site completion.

- **Major repair** expenditure of £5,617k is in line with financial projections. Spend includes replacement of components, void works, and other improvements, in line with our five year investment strategy and locality plans. Included in the budget is £144k for the customer voice programme for tenant directed investment.

- **Other capital** expenditure of £1,464k includes DC's share of Group ICT investment which will deliver projects to transform our service delivery to meet increasing customer demands. It also includes costs associated with the refurbishment of New Mart Road and environmental equipment.

Financial projections – operating costs per unit



Comments:

- The chart shows operating costs per unit including and excluding inflation for the first five years of the financial projections
- Cumulative efficiency savings of £342 per unit before inflation help offset the impact of inflationary increases on our operating cost base.
- Costs including inflation reduce by £44 per unit between year 1 and year 5.

Report

To: Dunedin Canmore Housing Board

By: Hazel Young, Managing Director

Approved by: Steven Henderson, Group Director of Finance

Subject: Energy costs: supporting our customers

Date of Meeting: 24 March 2022

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1. Purpose

1.1 This report updates the Board on the steps we are taking to support our customers with increasing energy costs.

2. Authorising and strategic context

2.1 The financial measures noted in this report are budgeted within the business plan financial projections separately on the Board agenda. Supporting our customers with the cost of running their homes is a key objective in our 2021-26 strategy.

3. Background

3.1 The UK has limits on how much suppliers are able to charge consumers for energy, known as the price cap. Energy price caps are reviewed by the government's regulator, Ofgem, every six months. Following price rises in October 2021, energy costs for customers are due to again increase from 1 April.

3.2 The increase on 1 April will see households on standard tariffs pay an average of £693 more per year – with bills rising from £1,277 to £1,971 per year, while prepayment customers will see an average increase of £708 - from £1,309 to £2,017.

3.3 Wholesale natural gas prices have been rising for a number of reasons, including low inventories as economies re-open post-Covid, and Russia tightening its gas supply to the rest of Europe. The UK has been heavily impacted due to its reliance on gas as an energy source, with 85% of UK domestic heating being gas-based.

3.4 Since the start of the pandemic, we have supported customers facing hardship through a range of initiatives, these include our emergency response fund, EatWell programme and a number of fuel top-up schemes, including our Energy Crisis Fund, for which we have claimed £1.75m across Group in support from Ofgem to date.

4. Discussion

4.1 Given the current position regarding the cost of energy, our Group Fuel Advice Team will play two key roles. Firstly, they will help advise and guide customers through the array of different funds and sources of support recently announced by the UK and Scottish Governments. While these are welcome, they are likely to be confusing for customers to navigate.

4.2 Utility companies are currently not offering any new tariffs due to the ongoing situation regarding energy prices, meaning our customers are unable to move to a more affordable tariff at this time. However, the Fuel Advice team are continuing to deliver a bespoke energy advice service to our customers and we have seen a recent increase in demand for our service and in the number of customers requiring our support. The valuable service continues to deliver great outcomes for our customers as the following example illustrates. One of our customers was experiencing poor mental health and a period of hospitalisation which had led to her building up significant debt with her energy supplier. The Housing Officer and Fuel Advisor worked together to help her make a claim from the Home Heating Support Fund Scotland and she was awarded £1,600.

4.3 Secondly, Group has accessed or are developing other support mechanisms for our customers. These are set out below:

1. While we will continue to access funds on a local and national basis on behalf of customers, we have also considered how we can concentrate our resources to help customers given the acute nature of the situation. We have therefore brought together £1m under Wheatley Foundation through the Helping Hand Funds which will be used as a single pot to support customers in urgent need of assistance. This fund will be available for our frontline staff, including in the Customer First Centre, to access on behalf of customers, and may cover food, fuel and other forms of emergency assistance. This is on top of the £200,000 budget allocated next year for food support through our EatWell programme, also run by the Wheatley Foundation.
2. To augment the Wheatley Foundation's funds, the Group Fuel Advice team along with Housing Officers and other colleagues across Group have been supporting customers who have prepayment meters through our Energy Crisis Fund. We have to date successfully secured £1.75m across Group in grant funding from Ofgem, of which £410k remains. We have also just had confirmed our bid for a further £500k has been successful, taking the total to £2.25m. We can begin to allocate this money from the end of this month onwards. The Energy Crisis Fund supports customers by providing a maximum of three awards of £49 by voucher that they can credit to their pre-payment meter. We can also potentially use this funding to arrange the reconnection of gas where it has been shut off by the supplier due to overdue charges (at the same time updating the CP12 gas certificate).
3. The Fuel Advice team have also been supporting our customers to apply to Scottish Power and SSE who have their own hardship funds which are only available to their customers specifically, as well as British Gas who has a fund that is opened to customers of any energy supplier. Each of these individual funds have differing eligibility criteria and some are only open for a short period of time.

4. Across Group we are in the early stages of a partnership agreement with The Wise Group to support customers who have credit meters with a one-off payment of £150 which would be paid directly to the energy supplier on behalf of our customers, and Group are proposing a pilot of this approach in GHA South. A successful outcome would see us look to roll the service out to Dunedin Canmore customers. We also have a number of customers who have self-disconnected because of the standing charge or have had their gas meters disconnected due to debt. Colleagues across Group are looking to develop a potential approach to support these customers to address the debt and have their meters reconnected to the energy supply. We would look to how we could replicate this process for our customers in the event of a successful pilot.

4.4 In addition to our own initiatives and sources of direct support for customers, the UK and Scottish Governments have announced a number of mitigation measures.

4.5 The UK Government has:

- Proposed a scheme whereby all residential electricity customers would receive a £200 discount on their electricity bills from October, which will later be repaid in £40 instalments over five years; and
- Stated it will expand the *Warm Home Discount Scheme* to cover three million households. It offers low income households a one-off annual discount on their electricity bill and was worth £140 in 2021/22.

4.6 The Scottish Government has been allocated £290m of extra funding under the Barnett formula following the UK measures, and has allocated it as follows:

- £280m to provide £150 to every household in receipt of Council Tax Reduction in any Band and to provide £150 to all other occupied households in Bands A to D. This means 1.85 million households across Scotland, or 73% of all households, will receive financial support through their council tax bill or a direct payment. The proportion of our customers benefitting is likely to be higher than this; and
- £10m in 2022-23 to continue the Fuel Insecurity Fund to help households from rationing their energy use.

4.7 In December 2021, the Scottish Government launched a consultation on proposals to introduce a new Scottish benefit to replace the current Cold Weather Payment scheme in Scotland from winter 2022. The proposed new benefit, *Low Income Winter Heating Assistance*, would give the 400,000 low income households currently eligible for Cold Weather Payments a £50 payment every year. This will be an investment of around £20 million each year to support people towards the costs of heating their homes in winter no matter what the weather or temperature. The current requirement is for temperatures to be recorded or forecasted at below zero degrees Celsius for seven days in a row in order to trigger a £25 payment.

4.8 Also in December, the Scottish Government launched a £4m Home Heating Support Fund, administered by Advice Direct Scotland. Our Fuel Advice team have been granted access to this fund as Trusted Referral Partners, allowing us to submit applications on behalf of our customers who are in fuel debt, experiencing financial hardship or are self-rationing their energy use. The fund seeks to provide financial relief to energy consumers who are experiencing significant financial hardship and strives to provide this support to households regardless of the fuel or payment method used. The grant will pay up to a maximum of £1,000 per household and closes on 31st March 2022. The fund is open to users of prepayment and credit meters, district heating networks and unregulated fuels. Since the fund opened in January 2022, our Fuel Advice team have been submitting applications for our customers, with 25 successful applications to date and a total of £20,180 paid into these customers' utility accounts.

5. Customer engagement

5.1 As discussed in the section above.

6. Environmental and sustainability implications

6.1 Our housing stock generally performs well from an energy efficiency perspective, and we continue to install energy efficiency measures in line with our strategy.

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 The proposals in this report can be funded within existing budgets as set out in our business plan projections; there are no new financial implications.

9. Legal, regulatory and charitable implications

9.1 Not applicable.

10. Risk appetite and assessment

10.1 The rising cost of energy presents a number of risks; it will see customers face increasing financial hardship, which in turn could impact on their ability to pay rent. While we maintain conservative provisions for rent arrears in our business plan, it is also important that we take direct action to support our customers where they face acute issues of fuel poverty.

11. Equalities implications

11.1 There are no further equalities implications associated with this report.

12. Key issues and conclusions

12.1 High energy costs are already challenging for our customers and this is expected to continue for some time. The Group Fuel Advice team are an invaluable resource to help support our customers during this difficult period.

12.2 They perform two key roles. Firstly, they will help advise and guide customers through the array of different funds and sources of support recently announced by the UK and Scottish Governments. Secondly they work with other colleagues within Group to ensure that we can continue to develop support mechanisms to assist through the Wheatley Foundation and other partnerships.

13. Recommendation

13.1 The Board are asked to note the measures we are taking to support customers facing hardship due to the energy crisis.

Dunedin Canmore

Report

To:	**Dunedin Canmore Housing Board**
By:	**Hazel Young, Managing Director**
Approved by:	**Steven Henderson, Group Director of Finance**
Subject:	***A New Deal for Tenants* – draft Rented Sector Strategy consultation**
Date of Meeting:	**24 March 2022**

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1. Purpose

1.1 This report summarises the Scottish Government's recently published draft strategy for the rented sector in Scotland, *A New Deal for Tenants*, and outlines potential implications arising from the proposals it contains; and

1.2 Seeks the Board's views on the draft strategy to inform the Group's overall response to the consultation exercise.

2. Authorising and strategic context

2.1 The Scottish Government's draft strategy for the rented sector has Group-wide implications including for the delivery of the Group's strategy, *Your Home, Your Community, Your Future*.

3. Background

3.1 When the Scottish Government published Housing to 2040, the country's first long term housing strategy, it signalled its intention to publish a new Rented Sector Strategy to set out how it would achieve improved accessibility, affordability and standards across the rented sector.

3.2 The draft strategy – *A New Deal for Tenants* – was subsequently published on 20 December 2021.[1] The government is now consulting on the draft with the aim of having the final strategy in place by the end of 2022 and bringing forward housing legislation to implement key aspects of it in 2023.

[1] https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2021/12/new-deal-tenants-draft-strategy-consultation-paper/documents/new-deal-tenants-draft-strategy-consultation-paper/new-deal-tenants-draft-strategy-consultation-paper/govscot%3Adocument/new-deal-tenants-draft-strategy-consultation-paper.pdf?forceDownload=true

3.3 The draft strategy is one of the first outputs from the cooperation agreement between the Scottish Government and the Scottish Green Party, and reflective of the concerns of the latter, it has a strong focus on enhancing tenants' rights across all rented sectors, including the social and private rented sector (PRS). Some areas of the strategy such as supply and access to affordable housing are relatively undeveloped or, in the case of pushing up quality standards, reference other policy initiatives already underway.

3.4 The Scottish Government is seeking responses to the draft strategy by 15 April 2022.

4. Discussion

4.1 The draft strategy document aims to take a whole rented sector approach to "*ensure all tenants, whether living in private or social rented homes, can access secure, stable tenancies, with affordable choices – whilst also benefiting from good quality homes and professional levels of services and rights*."

4.2 By 2025, through the proposals in the draft strategy, the Government intends to deliver:

- Enhanced rights for tenants;
- New requirements for data collection on rents in the private sector;
- New cross-tenure housing standards;
- A new private rented sector Regulator; and
- Legislation to underpin a new effective system of rent controls.

4.3 The draft strategy is clear that the private rented sector is behind the social rented sector in many of the areas where the Government wants to see progress, and therefore the weight of policy proposals being consulted on are for that sector with implications for the Group drawn out in the discussion of each part of the draft strategy below.

4.4 The tables that follow for each chapter of the draft strategy summarise the key proposals along with considerations for the different parts of the Group's, as well as how we already deliver against the various proposals, key elements for our response to the consultation.

A New Deal for Tenants

Key Proposals	*Considerations for Wheatley Group*
Ensuring tenant's voices are heard with an equalities led approach	
Establishing a **PRS Tenant Participation Panel** to inform the development and implementation of national policy.	We would welcome any opportunities for tenants to be involved in shaping the development and implementation of national private rented sector policy. The Group is committed to ensuring that customers voices are heard, and that they co-create services with us, and therefore we support any developments which also allow tenants to shape the policy environment for those services.
Consider the role of **tenant unions** in tenant participation	We welcome feedback from all relevant organisations. However, increasingly we find that this is more robust and more representative when

and influencing decision-making processes and policies.	sought in a whole range of ways. These include instant feedback, digital engagement and detailed input on specific items. Younger people and those from protected characteristic groups tend to be more inclined to become involved through these mechanisms rather than in a more traditional and long-term forum. Landlords of any tenure should be encouraged to develop strong tenant engagement, which can involve individuals from a robust cross-section of their customer base. If landlords consistently engage customers across all aspects of service development, allowing them to lead in the direction of travel, we will steadily build up the customer voice so that tenants are a powerful influence locally and nationally. This is likely to create more diverse and representative feedback to add to that from formal organisations. There is a role for regulators in assuring this engagement process.
Deliver a national **awareness raising campaign** of tenant's rights and how to exercise them in 2022.	At the point of let we talk to tenants about their rights, and information is available through our websites where we also direct customers to independent advice through Citizen's Advice Scotland and Shelter. We would welcome any campaign to increase tenants understanding of their rights, especially with regards the new Private Rental Tenancy which offers tenants more security than previously, helping to make this a more viable housing choice for many households wary of the PRS sector.
Consider how best **advocacy and advice** can be offered to PRS tenants seeking to access the First-tier Tribunal (FTT).	We understand the value of high quality, independent advice and advocacy for tenants delivered by trusted sources such as Shelter and the Citizen's Advice Bureaux and would support any development of this or similar provision should the Scottish Government make funding available.
Further develop Regional Networks to represent diversity in the sector.	Our Strategy commits us to ensuring that our services and approach are led by our customers, representing all parts of society. We have recently undertaken a range of work as part of the development of the New Scots Action Plan and will take a similar approach as we implement the homelessness policy. We know from experience that it can be difficult to ensure that all protected characteristics are represented. Regional Networks would be welcome as an additional mechanism to hear from customers but should not replace the work of each landlord.

Enhancing rights within the existing tenancy framework	
Tenancy Deposit Schemes – use **unclaimed deposits** to improve and benefit the private sector.	We remind all tenants to reclaim any unused deposits from the scheme we use. Analysis has shown unclaimed deposits is not a big issue for our PRS tenants. However, we would welcome the recycling of unclaimed deposits after an appropriate time to support PRS tenants access to advice and support.
Consider reforms to the current **grounds for repossession** under the Private Residential Tenancy (PRT).	The PRT has been in place since 2017 and is now the main form of tenancy for Lowther's tenants. There are 18 grounds for eviction which are a mix of mandatory, where the FTT would have to grant an eviction order if all the requirements were met, and discretionary, where the FTT could consider wider factors. All grounds have been discretionary under emergency Covid legislation and are due to remain so until March 2022. Scottish Government has already sought views on making this change permanent in line with the social rented sector. From our experience the current grounds work well. We are comfortable with the requirements on landlords seeking evictions under the grounds, and welcome the introduction of pre-action protocols as discussed below.
Revise pre action protocols in the social rented sector to take account of Universal Credit and the impacts of domestic abuse.	Pre-action requirements work well in Wheatley by codifying the actions we already undertake. Court and eviction action are only undertaken as a very last resort. We provide thorough support to help tenants to pay their rent or resolve their behaviour and as a result very few cases go to court. We have already modified our approach to the initial 5 week wait arrears which result in Universal Credit cases and allow these to be paid back incrementally. Additional proposals to support those experiencing domestic abuse are also welcomed. It is important that victims can stay in their existing home where they feel it is appropriate to do so as it can help to maintain existing support networks.
Introduce **pre-action protocols** when considering issuing notices of eviction for arrears permanently for PRS tenancies.	During the pandemic when the requirement to use pre-action protocols was put in place, Lowther drew on the established model already used by our RSLs. This has worked well in helping to structure engagement with tenants around arrears prior to issuing a Notice, so we welcome the proposal to make these permanent for the PRS sector. Pre-action requirements work well for the Group – they codify the actions that we were already taking for tenants. Court and eviction action are only undertaken as a very last resort. Our thorough

	approach to ensuring tenants are supported to pay their rent or resolve their behaviour means that very few cases go to court and even less are evicted. This extensive approach is easier for larger RSLs and it is recognised that it would be difficult to replicate in full for small private landlords. However, a standard pre-action protocol as implemented by Lowther would be welcomed as it should have a beneficial effect on preventing homelessness. The national aim to end homelessness can only be achieved through supporting at-risk households well before they become homeless. This will allow them to transition to a new home without the trauma of temporary accommodation. Supporting private rented sector tenants in this situation will require teams with the skills to address their particular issues – for example mediation, advocacy and legal services. These are very different from those found in traditional homelessness and housing options teams.
Review legislation to tackle **commercial sexual exploitation** and consider as part of a wider package of support housing measures to support women to exit.	We would welcome a review of the terms “immoral purposes” and “brothel keeping” within the model SST. The language currently used is outdated and should instead be focussed on criminality and disturbance to communities. The review must balance the need to avoid harm to individuals with the potential impact on the wider community. It should take account of the potential for managed moves where community relationships have broken down in order to avoid eviction but allow people to start afresh. Commercial Sexual Exploitation (CSE) is a form of Violence Against Women and it is important that all sectors within housing understand and appreciate this and that the appropriate level of support is given to those affected, including access to safe and suitable forms of accommodation. The Group has developed specialist training to enhance the knowledge and understanding of our staff in this area and this will shortly be rolled out across our wider frontline staffing teams to ensure anyone impacted is able to access the right support at the right time.
Ensure a **joint tenant** can end interest in a PRS tenancy. And joint tenants who experience **domestic**	We would welcome improvements to how PRS sector joint tenants can end tenancies to equalise practices with the social rented sector. However, we would recommend that longer notice periods may be advisable to give tenants time to save for the deposit or make plans if the rent and deposit is

abuse can remain in the family homes as the sole tenant. Introduce a ground that enables private landlords to apply to the FTT to transfer a tenancy to enable a survivor of domestic abuse to remain in the family home as sole tenant.	no longer affordable. We would welcome grounds that support domestic abuse survivors to remain in their homes as a sole tenant. Allowing private rented sector tenants to end a joint tenancy may also assist in avoiding a greater crisis. Victims of domestic abuse should have the option to remain in their existing home where they feel it is appropriate to do. The Group offers a wide range of support including risk assessment and safety planning, access to safe and secure home/personal safety referrals, attendance at multi-agency forums to take a collective approach towards targeted action planning and established partnership working with statutory and non-statutory agencies. Women are known to be most disadvantaged by domestic abuse and, as they often assume the role of primary caregiver, remaining within the community where children attend education, existing GPs surgeries etc is of real importance to their support structure.
Amend the **PRS rent adjudication** process so Rent Officers or FTT can only agree a proposed rent increase or lower it.	As required whenever we increase PRS rents for sitting tenants, we inform them of their right to apply to a Rent Officer if they disagree with the rent increase. Removing the fear that the Officer could increase the rent is likely to lead to more applications, however, as our PRS partner Lowther's annual rent setting exercise is based on market data and rents are set within the Local Housing Allowance for MMR homes, information which the Rent Officer also looks at, our rent increases can be justified and unlikely to be challenged.
Greater flexibility to personalise a rented home	
Potentially creating a right to keep **pets** in the PRS and Social Rented Sector.	Generally, across both our RSLs and Lowther we recognise the importance of pets and the impact they can have on wellbeing. However, out of consideration for neighbours the new right should allow for restrictions in numbers and in some other limited circumstances – for example in social housing, to allow decisions to be taken on a project basis in specialist and supported housing.
Amend the Private Housing (Tenancies) Scotland Act to allow people to personalise their home by internal **decoration**.	We allow our Lowther tenants to personalise their home taking into account the extent and cost of returning it to a lettable state, for example tenants can put up pictures and can change the wall colour although we would expect them to return the property to a neutral colour at the end of the tenancy or at their cost, but they would not be allowed to change the flooring because of the cost of replacing or rectifying any damage to carpets.

	Any reforms would need to be specific about the extent of personalisation allowed without explicit landlord consent. One consequence may be that landlords look for a higher deposit at the start of the tenancy up to the maximum of 2 months rent to cover additional costs in returning flats to a lettable state and this could create an affordability barrier for some lower income tenants.
Reform of the eviction process	
Introduce measures that **prevent evictions over the 'winter period'** to give tenants more time to access support and alternative accommodation when subject to a notice to leave or notice of proceedings One way of achieving this could be by introducing a requirement on the FTT/Sheriff Court to consider delaying enforcement of an eviction order during winter except where there is ASB or criminal behaviour	The 'winter period' is undefined and the strategy does not provide a detailed justification for preventing evictions at this time, other than saying that particularly during the festive period it can be hard to find support and alternative accommodation due to less properties being available, disruption to services due to staff holidays or increased costs such as utilities. Most notice to leave periods are 3 or 6 months, the only exceptions to this being 28 days for grounds relating to a relevant criminal conviction or ASB or an abandonment. Giving longer to leave under these circumstances could have wider implications for neighbouring tenants. For other grounds at least 3 months would be reasonable for tenants to find alternatives throughout the winter season. It also can take a month from an eviction order being granted to paperwork being processed for Sherriff Officers to carry out an eviction. As the difficulties identified for tenants in the draft strategy seem to be most acute over the 2-week Christmas period it would indicate that any 'ban' on winter evictions should be limited only to this period of winter. In our social rented tenancies, we already stop issuing NOPs, booking cases to court or carrying out evictions from mid-December to the beginning of January. However, this does mean rent arrears continue to accrue and extending this period for any longer means tenants have more debt to clear. Often, servicing the notice prompts engagement which has not been forthcoming despite our support at earlier stages. Any restriction on evictions means that costs to landlords from any additional unpaid rent through this period could increase. The draft strategy does not address this impact - presumably expecting landlords to absorb this cost. The unintended consequence of a winter eviction ban will be landlords timing action to avoid it, leading to notices and higher demand on courts before and after the winter period. Where this is not possible and evictions are due to unpaid rent, the financial

	cost of extra time in the tenancy during the ban period is unlikely to be recovered from the outgoing tenant therefore we would welcome additional financial support measures for tenants through this period that would cover unpaid rent. The draft strategy suggests local authorities could offer income maximisation advice to prevent winter evictions. As part of a range of support for tenants we already offer income maximisation advice to prevent eviction for arrears, however, it is often the case that by the time a case has reached the FTT/Courts income maximisation will not address the accumulated arrears so while useful, it is unlikely this would prevent or even delay eviction or cover the additional unpaid rent owed to the landlord. Financial support to tenants, similar to the Tenant Hardship Grant Fund could allow more effective engagement with RSLs and private landlords not having to take the whole burden of ongoing arrears and reduce the stress of the situation for tenants. However, this would require an additional financial resource not currently available to RSLs or private landlords. Ideally, there would be a national approach to how this was delivered as the approach to Tenant Hardship Grant has varied by local authority.
Rent Guarantor Schemes	
Potentially developing a **rent guarantor scheme(s)** to support key groups to access the PRS.	Lowther's letting policy sets out that we would not usually accept guarantors except where in exceptional circumstances, for example, this is the prospective tenant's first tenancy and they are not able to provide any landlord references or income history. Lowther would welcome rent guarantor schemes where it would help key groups to access housing, for example, young people or people leaving care environments to access the sector. We feel this should also be broadened to deposit guarantee schemes in response to the points from MMR tenants earlier in the draft strategy that saving up a deposit can be a barrier to accessing or moving within the sector. Unclaimed deposit monies may be a potential source of funding for this.

4.5 It is notable that the strategy is largely silent on **increasing access to affordable housing**, especially around the growing mid-market rent part of the private rented sector. Each provider will have their own approach to marketing and allocation as well as letting criteria, and there is limited understanding amongst prospective tenants about MMR and how to access these affordable homes. For example, there is no single place for customers to find these homes and Local Authority websites with links to MMR providers are often out of date, requiring prospective tenants to approach each provider and navigate different letting criteria and processes.

4.6 Considering the significant investment by the Scottish Government and RSLs in MMR as a tenure, we would welcome a discussion on how the MMR sector can deliver better outcomes for low income households by increasing the visibility of and ease of access to this high quality affordable housing product. For example:

- A clearer 'brand' for MMR that enables potential customers to understand the benefits and security of this tenure, accompanied by a national public awareness campaign;
- A common platform to market MMR homes;
- A review of the use of deposits in the MMR sector and the reach of deposit guarantee schemes;
- An understanding of the role it plays in reality in preventing homelessness; and
- Standardisation in letting processes and criteria for MMR homes.

Affordable Rents

Key Proposals	*Considerations for Wheatley Group*
Develop a **shared understanding of affordability** - views are being sought on the most important factors to be considered in developing that understanding, and also how such an understanding could be used and evaluated.	A shared understanding of affordability would usefully build on existing work in this area, including the detailed review Scottish Government published in 2019 which we and others already use to inform our guideline of social rents being within 35% of household income. Similarly, the SHFA affordability tool, extensively used in the sector, is the product of detailed research and input from a variety of bodies and works well as a broad indication of affordability. The factors that influence affordability will vary significantly across the country but it would be useful to have a tenant informed view which will give greater understanding. This should include all aspects of affordability e.g. heating and potential commuting costs as well as rent, and would be very useful in informing decisions and consultation for RSLs. However, the social sector rent consultation directly with tenants should remain the key determinant of rent increases. Tenants in each RSL need to consider the balance of services, quality of homes and cost of living. This cannot be determined by a one size fits all approach.

	Rents, although just one part of housing costs, in the MMR sector are pegged to Local Housing Allowance and the Scottish Government's Broad Market Rental Area data as the proxy for affordability. Lowther's letting policy, which is in line with other providers in the MMR sector, assesses affordability by looking at a prospective tenant's ability to sustain the rent and other key housing and living costs, where as a rule of thumb rent should be no more than 35% of income. MMR letting criteria includes an income banding of £21 – 40k/pa, as this income can sustain MMR rents up to 100% of the local housing allowance for the areas we operate in. A shared understanding of affordability could be used to refine and standardise letting criteria and affordability assessments by MMR providers to improve accessibility for low income households.
Mandate the need for PRS landlords to provide a range of **rental data and other property information** - to support future rent control policies – provisions to be included in the Housing Bill. Scottish Government is proposing to make available rent and property information for all properties including rents paid by previous tenants.	The exact data to be collected has not been determined and needs further expert input but a sample list is provided in the draft strategy Lowther already provides rent data annually for our full and MMR homes to the Scottish Government in the format they request it and would be happy to provide future data. The issue of data accuracy and keeping it up to date will be challenging for the sector as whilst sitting tenant rents can only change once a year, rents can change significantly at re-let to reflect market conditions. This can mean tenants in similar properties in the same block or street paying different rents depending on when the property is let. Publishing this data may lead to more challenges to Rent Officers, however, we would be confident that rents can be justified with reference to the local market and the quality of our product.
Views are sought on the proposed vision for **national rent controls** for the PRS sector aimed at tackling poverty and improving outcomes for low income families. Views are also sought on the principles of national rent controls: - Give local authorities mechanisms to introduce local	Rent control for MMR homes is already in place through the grant regime which should be recognised in any approach to national rent controls. Further, any control system must recognise that to provide high-quality landlord services, such as repairs, we face cost inflation, and therefore controls cannot be lower than relevant indices such as CPI or building cost indexes in order that services to tenants are not negatively impacted. The underlying principles would indicate that the Scottish Government may introduce tenant consultation around rent increases in the PRS sector. Reflecting that rent setting in the private sector is market driven to ensure that rents are

measures - Be evidence based - Encourage PRS to improve the quality of properties - Learn from processes already in place for social sector tenants - Seek to give tenants a stronger voice. National rent controls for the PRS only.	competitive, Lowther does not apply a single rent increase across our diverse portfolio. The practicalities of tenant consultation on rent increases specific to a single street or block would need to be worked through if this was to be proposed, so as to ensure it provides value and benefit to tenants. We agree that there is no need for a rent control approach in the social sector. It is vital that these are set at an organisational level determined by tenant engagement. The existing safeguards through the Scottish Housing Regulator ensure that this engagement is appropriate.

Supply of Rented Homes

4.7 This section has no proposals, instead it recognises a number of challenges in increasing supply and asks for views on a number of questions set out below.

Key questions	*Considerations for Wheatley Group*
Beyond the routes already available to deliver **MMR** homes how could new **additional investment** in this be supported?	The delivery of an MMR programme across the East and West has been successful in recent years, giving a route to increase numbers of affordable homes being delivered and creating balanced, mixed communities. MMR delivery is hampered in some areas such as Dumfries and Galloway as a result of the Local Housing Allowance levels. However, private sector finance appetite to invest in Scottish affordable housing sector via the existing model of senior, secured debt is significant with debt priced relatively cheaply given the strong support from Scottish Government grant funding. However, introducing different types of funding (mezzanine and/or equity) into the model is somewhat limited given the rate of return required for these investors is higher and future income streams on MMR are limited by rent increases, tied to Local Housing Allowance. Similarly, if PRS is subject to rent controls it will act as a deterrent to private sector finance as returns to investors will be constrained. The new Scottish National Investment Bank (SNIB) has a potential role to play here,

	meeting a gap in supply to provide either mezzanine or equity funding, or potentially a ‘whole-ticket’ approach (including senior debt), priced to reflect the low risk of default in the sector and the sustainable outcomes for the people of Scotland (access to affordable housing, increase of supply of new energy-efficient homes, creation and support of 20-minute neighbourhoods, regeneration of brown sites etc.).
What measures can be put in place to encourage **build to rent** (BTR) in Scotland?	Purpose built BTR has seen some growth in Scotland in recent years. Unlike south of the border, house market factors (including lower average house price purchase pricing), mean that the economic viability of PBBTR is very challenging and can often only work in housing markets areas that are very strong in Scotland. Competition for land in such markets is consequentially very high making the investment case for PBBTR on a financial rate of return basis, very challenging when set again open market sale competitors. The majority of BTR investors work UK-wide and consider investments using a rate of return model, with assumptions of rent increases over a 25/30-year timeframe. Scotland may be put at a competitive disadvantage in the event that rent controls are introduced here, but not in the rest of the UK. Also there is a current pipeline of 9,000 new homes in the BTR sector. Should this expand, there may be a risk to MMR demand in some market areas. Given this, demand reports will need to be carefully considered.
Is the approach to allocations achieving the right balance between supporting existing social tenants and those seeking a home within the sector	The ambition to end homelessness means that a significant proportion of social stock must be used to achieve that aim. The current shortfall in supply means that this comes at the cost of less ability to help others in need. There are particular challenges in meeting the needs of those who require larger or accessible homes. Changing the approach to allocations is unlikely to achieve a significant difference until the balance of supply is changed

Quality-Raising Standards

Key Proposals	*Considerations for Wheatley Group*
A review of existing **registration regimes in the PRS sector** to identify lessons and ways to strengthen them to drive up standards. Also a suggestion there could be new fines for landlords and letting agents who fail to comply with requirements in relation to property adverts, and expanding the scope of penalties that local authorities can issue to landlords.	Our commercial entity, Lowther, is both a registered landlord and letting agent. Both sets of registrations require to be renewed every 3 years but whilst the key fit person tests are consistent, the systems are different with local authorities administering the former and the Scottish Government the latter. Lowther will be introducing an annual self-assurance statement for review by its Board, following the model currently required of social landlords, that will set out requirements including those in the Letting Agent Code of Practice, and compliance with those as well as continuous improvement actions.
Intention to consult on **a new housing standard**, to be published in 2023 and legislated for in 2024/25 with phased implementation from 2025 to 2030. This will incorporate the energy efficiency standards set out in the Heat in Buildings Strategy.	There are already extensive cost implications from the EESSH2 requirement in the social sector, estimated to cost tenants across the sector £2 billion through their rents. Any new standard needs to be accompanied by sufficient funding and to consider the impact on affordability for tenants if rents have to increase to fund the necessary investment. The current grant fund for Net Zero Social Housing is a welcome start but we would strongly welcome removal or reduction of the need for 50% match funding which acts as a barrier to bidding. The ongoing investment in our RSL stock, the age of Lowther's PRS properties and planned investment in our portfolio should position us well to meet any new housing standard. However, there could be financial implications for the Group from the housing standard depending on the precise requirements, particularly around minimum space and digital connectivity and particularly if these are implemented for existing stock. For example, if studio flats are not regarded as meeting the space standard funding would be required to adapt or demolish these. This would also reduce supply.

	The requirement around energy efficiency in Heat in Building Strategy is welcome, as is the commitment to put legislation in place given our commitment to the energy efficiency of our properties
Introduce regulations in 2025 requiring all **PRS to reach EPC C** as a minimum where technically feasible and cost-effective at change of tenancy, and for all properties by 2028.	Lowther's investment approach is already focused around achieving EPC C for the small number of properties not currently achieving it and we project this target should be achievable by the proposed deadline.
Legislate to require the installation of **zero or new zero emission heating** in existing buildings, and all buildings to meet this standard by 2045.	The Group is committed to playing our part in achieving net-zero and recognise the importance of zero emission heating in achieving this. Detailed consideration will be need on the cost implication of changing existing systems and the best way for Government to support required change. Wider consideration such as the rate of adoption of new technologies, such as hydrogen based fuel, will also have an impact on implementation.
Fundamental review of the **adaptations system**	A full review of adaptations is required. The current system is deeply unfair to GHA tenants who have to self-fund adaptations now that limited allowances made in the transfer business plan settlements from 20 years ago have been exhausted, whilst other social rent tenants do not. There should be an equal national system that is fair to all tenants and provides the higher funding levels that the SFHA has consistently argued for. The system at present is fragmented and difficult for customers. It can often delay discharge from hospital and/or exacerbate health issues. The direct funding of adaptations to RSLs continues to work well allowing a streamlined approach for our tenants to receive what they need. However, across the country adaptations are considered through a different route from aids and equipment even though the same people will often require both. The pressure on our health and care services, together with the ageing population mean it is vital to get this process right going forward. Adaptations (either for individuals or on a more widely planned basis) will be the main mechanism to make our existing stock more accessible.

	The resource allocation to adaptations needs to be significantly altered given the ageing profile of our population, the existing demand for adapted homes and the need to be able to move people out of hospital more rapidly. If we are to meet these needs much of the work needs to be done in existing stock. All our landlords have a strong approach to working with tenants and other stakeholders to facilitate adaptations and welcome any review however that review needs to look at funding as a key enabler of a more effective adaptations system.
Cross-sector regulation through setting out clear outcomes and standards that landlords in both the private and social sectors would be assessed against, for example implementing a Charter for the PRS sector. Views are sought on a vision of a tenure-neutral outcomes for tenants in both sectors, and underlying principles that focus on: - **Setting up a PRS regulator** building on experience of SHR - **PRS regulation based on defined standards** for quality, affordability and fairness - Being evidence based but taking account of stakeholders views and value for money - Be reflection of the draft strategy's ambitions	The Group has a well-established approach to meeting and exceeding regulatory requirements as set out in the Charter for our RSLs. However, any increase in regulation on the PRS sector will mean higher management costs and this will need to be factored into Lowther's business plan and our appraisal of future MMR growth opportunities.

<u>Implications</u>

4.8 Looking across the range of proposals in the draft strategy many of the proposals will have no or relatively low impact, especially for our RSLs. The draft strategy presents some opportunities to support more vulnerable groups such as tenants who are survivors of domestic abuse, and ensure tenants are aware of their rights which we would welcome. However, there are a number of areas where the implications for the Group could be more significant:

- A new housing standard is likely to have significant cost implications as we have already seen with EESSH2, and with inadequate Government funding it will put pressure on rents across the social and private rental sectors impacting services and affordability for households on low incomes counter to the aims of the draft strategy.
- A ban on winter evictions looks to be likely, and depending on the definition of 'winter' that is adopted, the additional rent arrears accrued could be significant. Our mitigation will be to re-profile our arrears and legal actions to reduce this impact.
- The cumulative impact of the proposals in the PRS sector – increased regulation, new requirements to provide data, national rent controls, a new housing standard, changes to how evictions are handled by the courts – will increase management costs for Lowther's PRS portfolio whilst limiting ability to recover that through rents. We will need to take this into account in the rate of return we use when we appraise future MMR growth opportunities. We will also need to review our existing FMR portfolio which is older stock on which the majority of Lowther's investment programme is focused, some of which has not performed well in recent years.
- Increased pre action protocols in the private sector should help to prevent homelessness. However, this will only be the case if a targeted approach is adopted to help households find alternative accommodation – largely remaining in the private rented sector. If this is not well planned there is potential for an increase in the number of households coming through the homelessness route and being referred to our RSLs for accommodation.

4.9 The Scottish Government draft rented sector strategy contains a range of proposals to deliver on its ambition to improve access, affordability and quality across the rented sector. There is a strong focus on levelling up the PRS which has a bigger distance to travel as a sector as a whole, although there is considerable variation across it which is not well acknowledged in the proposals and discussion.

5. Customer engagement

5.1 As part of the development of the Group's response to the consultation document we have discussed the proposals with our Tenant Scrutiny Panel. They agreed with our draft response and also asked that some further points be made to the Scottish Government. These were:

- Emphasizing that existing RSL rent consultation processes work well and that there cannot be a one size fits all approach;
- That rent control in the private rented sector should balance the risks of affordability for customers and viability to private landlords, bearing in mind that if this balance is not right the pressure is likely to fall on social housing;
- Placing an increased focus on bringing empty homes back into use as quickly as possible in all sectors;
- Supporting the desire for high quality housing but emphasizing that this must not come at the expense of affordability;
- Support increased engagement amongst customers but be aware that not everyone can use or wishes to use digital engagement approaches – ensure there are routes of engagement which suit all customers; and

- To express concern at the prospect of Tenant Unions – the panel expressed concern that the phrase “union” had a particular and political meaning in Scotland which might discourage participation. They also noted that there are in fact a few tenant unions in existence, some of which have links to existing trades unions and they felt that this link might not be helpful.

6. Environmental and sustainability implications

6.1 There are no new implications identified at this time.

7. Digital transformation alignment

7.1 There are no implications identified for our digital transformation alignment arising from the draft strategy consultation document and its proposals.

8. Financial and value for money implications

8.1 There are no implications identified at this time, however, there a number of areas which may have future implications, such as meeting increased regulatory requirements, which will be assessed when more detail is available.

9. Legal, regulatory and charitable implications

9.1 The draft strategy sets out a number of areas where further legislation will be developed, the implications of which are discussed above.

10. Risk appetite and assessment

10.1 Our agreed risk appetite in relation to changes in policy is cautious. This level of risk tolerance is defined as “p*reference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*”.

10.2 Through discussion of the draft strategy and a comprehensive response to the consultation, as well as our networks with key stakeholders and relationship with the Scottish Government we would aim to inform policy arising from the strategy and its implementation, and effectively plan to mitigate negative impacts as far as possible, whilst maximising the opportunities it creates to deliver better outcomes for our customers.

11. Equalities implications

11.1 There are no implications for identified at this time.

12. Key issues and conclusions

12.1 The draft strategy – *A New Deal for Tenants* has a strong focus on enhancing tenants’ rights across all rented sectors, including the social and private rented sector (PRS).

12.2 We have a strong organisational ethos which already fits with the key elements of the strategy. We have also identified a number of areas where the strategy would benefit from being more clearly codified, such as supply and housing access. Our response will seek to highlight those areas for further consideration.

13. Recommendation

13.1 The Board is asked to consider and discuss the draft proposals set out in a *New Deal for Tenants,* to inform the Group's response to the Scottish Government's consultation exercise.

Report

To: Dunedin Canmore Board

By: Chris Cameron, Finance Manager

Approved by: Pauline Turnock, Director of Financial and Legal Services

Subject: Financial performance to 28 February 2022

Date of Meeting: 24 March 2022

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1. Purpose

1.1 The purpose of this paper is to:

- Provide an overview of the management accounts for the period to 28 February 2022;

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Dunedin Canmore ("DCH") and the Wheatley Group, as well as the Group Authorising Monitor Matrix, the DCH Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

3. Background

Financial performance to 28 February 2022

3.1 The results for the period to 28 February are summarised below.

	Year to Date (Period 11)		
£000	**Actual**	**Budget**	**Variance**
Turnover	£33,989	£35,766	(£1,777)
Operating expenditure	£24,002	£23,537	(£465)
Operating surplus	**£9,987**	**£12,229**	**(£2,242)**
Operating margin	*29%*	*34%*	-5%
Net interest payable	£6,079	£6,792	£713
Surplus	**£3,908**	**£5,437**	**(£1,529)**
Net Capital Expenditure	**£14,436**	**£14,090**	**(£346)**

4. Discussion

4.1 We have reported a statutory surplus of £3,908k for the period to 28 February 2022, which is £1,529k unfavourable to budget.

The main drivers of the variance are lower levels of grant income and net rental income due to delayed completions to new build properties and higher spend in repairs and maintenance.

Key points to note:

- Net rental income of £27,889k is £160k lower than budget at 28 February 2022, mainly driven by a reduction in expected rental income due to delayed completions at South Gilmerton.

- Grant income of £3,181k has been recognised for 52 completed units across Dunedin Canmore sites at Newmill Ph2, Longniddry and South Gilmerton to date. Grant income reported £1,728k lower than budget with the remaining properties due at South Gilmerton now delayed, with 8 due in March 2022 and the remaining 18 units delayed into early 2022/23.

- Operating expenditure is £465k adverse to budget driven by higher repairs and maintenance costs which are £579k over budget due to a continued demand for reactive repairs. The favourable variance in direct running costs is mainly driven by savings attributed to the continuation of the homeworking model. Group staff recharges are £90k higher than budget reflecting the changes in the Customer Frist Centre supporting our new ways of working and service improvements to customers.

- Gross interest payable of £6,079k is £719k favourable to budget driven by lower interest rates on borrowings following the fixed rate loan restructuring in March 2021.

- Net capital expenditure is £14,436k for the year to date, £346k higher than budget. Grant claims of £7,945k are £4,455k lower than budget. The profile of grant claims is linked to new build expenditure which is running £3,514k lower than budget to date. New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across a number of sites for Dunedin Canmore including MacMerry, Penicuik, Wallyford Ph2 and Rowanbank.

- The core capital investment programme variance to budget is £511k. This is as a result of reprofiling of budget and planned underspend on customer priorities budget.

5. Customer Engagement

5.1 This report relates to our financial reporting and therefore there is no direct customer implications arising from this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 The statutory surplus for the period to 28 February 2022 is £1,529k adverse to budget. Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying results for the period to 28 February 2022 were £710k favourable to budget ensuring that these efficiency targets are met.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".

10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 28 February 2022.

13. Recommendations

13.1 The Board is requested to:

- note the financial performance for the period to 28 February 2022.

LIST OF APPENDICES:
1: Dunedin Canmore Finance Report to 28 February 2022

Period to 28 February 2022
Finance Report

1) Period 11 2021/22 YTD – Operating Statement

	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	28,232	28,393	(161)	30,985
Void Losses	(343)	(344)	1	(376)
Net Rental Income	**27,889**	**28,049**	**(160)**	**30,609**
Grant Income Recognised in the Year	3,181	4,909	(1,728)	4,909
Other Income	2,919	2,808	111	3,158
TOTAL INCOME	**33,989**	**35,766**	**(1,777)**	**38,676**
EXPENDITURE				
Employee Costs - Direct	3,724	3,718	(6)	4,862
ER/VR	0	0	0	-
Employee Costs - Group Services	1,556	1,467	(90)	1,562
Direct Running Costs	2,972	3,028	56	3,210
Running Costs - Group Services	892	994	102	1,123
Revenue Repairs and Maintenance	4,639	4,060	(579)	4,438
Bad Debts	219	271	52	296
Depreciation	9,999	9,999	0	10,908
TOTAL EXPENDITURE	**24,002**	**23,537**	**(465)**	**26,399**
NET OPERATING SURPLUS / (DEFICIT)	**9,987**	**12,229**	**(2,242)**	**12,277**
Net Operating Margin	*29%*	*34%*	*-5%*	*32%*
Interest receivable	0	6	(6)	6
Interest payable	(6,079)	(6,798)	719	(7,280)
STATUTORY SURPLUS / (DEFICIT)	**3,908**	**5,437**	**(1,529)**	**5,003**

	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	**7,945**	**12,400**	**(4,455)**	**14,315**
Total Expenditure on Core Programme	6,064	6,575	511	6,944
New Build & Other Investment	15,601	19,115	3,514	21,576
Other Capital Expenditure	716	800	84	1,008
TOTAL CAPITAL EXPENDITURE	**22,381**	**26,490**	**4,109**	**29,528**
NET CAPITAL EXPENDITURE	**14,436**	**14,090**	**(346)**	**15,213**

Key highlights year to date:

Net operating surplus of £9,987k is £2,242k adverse to budget. Statutory surplus for the period to 28 February is £3,908k, £1,529k adverse to budget. The main drivers of the variance continue to be lower levels of grant income and net rental income due to delayed completions and higher repairs spend offset by interest savings.

- Gross rent is £161k adverse to budget driven by the delays in completions at South Gilmerton. Void losses are broadly in line with budget. Other Income is £111k favourable to budget due to earlier than anticipated MMR completions at both Newmill Ph2 and Longniddry as well as the workshop reporting a surplus of £237k, which is £149k favourable to budget.
- New build grant income of £3,181k recognised in the year (12 SR & 15 MMR units at Newmill Ph2, 10 MMR units at Longniddry & 15 SR units at South Gilmerton) is £1,728k lower than budget. The unfavourable variance is driven by 52 units at South Gilmerton that were due to be completed by September 2021 now due to complete in Q4 and into 2022/23. 15 of the 52 units were completed in February with a further 9 due to complete in March 2022.
- Total expenditure is £465k adverse to budget. Revenue repairs and maintenance costs are £579k adverse to budget driven by reactive repairs which are higher than budget as a result of increased demand after covid restrictions have been eased.
- Total employee costs (direct and group services) are £96k adverse variance to budget, due to unbudgeted overtime and maternity leave cover. Employee costs for group services includes a higher recharge following the strengthening of the new Customer First Centre supporting our new ways of working.
- Total running costs (direct and group services) are £158k favourable to budget. This is attributable to underspend on a number of expenditure items resulting from the hybrid home/office working model.
- Interest expenditure of £6,079k is £719k favourable to budget with lower interest rates on borrowings following the fixed rate loan restructuring in March 2021.
- Net capital expenditure of £14,436k is £346k adverse to budget. The variance is driven by the lower level of spend in the new build programme and lower grant claims in 2021/22.
- Investment programme spend is £511k lower than budget. This is largely as a result of the rephasing of budget, planned underspend on customer priorities budget and slower progress in the pre 1919 tenemental programme.
- New build spend of £15,601k is £3,514k lower than budget mainly as a result of slower progress and delays on a number of site including Macmerry, Penicuik, Wallyford Ph2 and Rowanbank. Capital investment income relates to the cash receipt of new build grants and is £4,455k below budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted above.

3) Underlying surplus – P11 February 2022

Key highlights:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The table below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- In the period to February 2022, an underlying surplus of £4,662k has been generated which is £710k favourable to budget. The variance is driven by lower levels core programme expenditure and lower interest costs. The full year budget reflects an underlying surplus of £4,058k.

Dunedin Canmore Underlying Surplus - February 2022				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	9,987	12,229	(2,242)	12,277
add back:				
Depreciation	9,999	9,999	0	10,908
less:				
Grant income	(3,181)	(4,909)	1,728	(4,909)
Net interest payable	(6,079)	(6,792)	713	(7,274)
Total expenditure on Core Programme	(6,064)	(6,575)	511	(6,944)
Underlying surplus	**4,662**	**3,952**	**710**	**4,058**

4) Period 11 – Property Services Operating Statement

	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Internal Subsidiaries	13,969	12,828	1,141	13,873
External Customers	358	203	155	222
TOTAL INCOME	**14,327**	**13,031**	**1,296**	**14,095**
COST OF SALES				
Staff	3,534	3,462	(73)	3,777
Materials	2,356	3,044	688	3,271
Subcontractor & Other Costs	5,874	4,180	(1,694)	4,500
TOTAL COST OF SALES	**11,764**	**10,686**	**(1,078)**	**11,548**
GROSS PROFIT/(LOSS)	**2,563**	**2,346**	**218**	**2,547**
Margin %	18%	18%	17%	18%
Overheads	2,327	2,259	(68)	2,462
NET PROFIT/(LOSS)	**237**	**87**	**149**	**85**

Key highlights year to date:

•Dunedin Canmore Property Services provides in house repairs and maintenance services to Dunedin Canmore, West Lothian Housing Partnership and Lowther Homes. In the year to February 2022, DCPS is reporting a surplus of £237k, which is £149k favourable to budget.

•Income of £14,327k in the year is £1,296k favourable to budget.

•Correspondingly, cost of sales are reporting a £1,078k adverse variance to budget largely as a result of higher levels of subcontractor work due to the increased demand for repairs services, as well as additional investment work carried out in the period.

•Gross profit of £2,563k is £218k favourable to budget.

•Overhead expenditure includes vehicle rent and running costs, rates, insurance and other staff and office related costs. These are £68k adverse to budget for the year attributed mainly and increased waste disposal in line with increase in reactive repairs and higher fuel costs experienced in recent months.

5) Period 11 – Dunedin Canmore Harbour

	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	748	767	(19)	837
Void Losses	(145)	(38)	(107)	(42)
Net Rental Income	**603**	**730**	**(126)**	**795**
Local Authority Contract Income	331	449	(119)	477
Other Income	19	1	18	13
TOTAL INCOME	**952**	**1,180**	**(227)**	**1,286**
EXPENDITURE				
Employee Costs	701	738	37	805
Direct running Costs	226	292	66	281
Revenue Repairs and Maintenance	18	33	15	37
Bad Debts and Depreciation	0	0	(0)	0
TOTAL EXPENDITURE	**946**	**1,063**	**117**	**1,122**
NET OPERATING SURPLUS / (DEFICIT)	**6**	**117**	**(111)**	**163**

Key highlights year to date:

- The service is reporting a surplus of £6k which is £111k adverse to budget.
- Net rental income of £603k is £126k adverse to budget in the year to date. Fire mitigation works are being undertaken which require a whole floor at a time to be empty to allow the works to progress which is resulting in higher void levels.
- Local authority income is £119k adverse to budget. This is due to ongoing discussion with City of Edinburgh Council regarding the revised contract.
- Employee costs of £701k are £37k favourable to budget. This is largely a result of the planned increase in staffing requirements to service the new contract with CEC not yet being required pending a conclusion to the contract discussions.
- Running costs of £226k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £66k favourable to budget in the year to date, again largely due to additional costs associated with the new contract not yet being incurred.
- Repairs and maintenance expenditure of £18k is £15k favourable to budget.

6) Management information – Repairs and investment

Repairs and maintenance	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Reactive	3,151	2,476	(675)	2,709
Cyclical	1,488	1,585	97	1,729
	4,639	**4,060**	**(579)**	**4,438**

Investment	Year to 28 February 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
Void	688	659	(29)	718
Major	4,685	5,179	494	5,557
Capitalised Staff	691	737	46	804
TOTAL	**6,064**	**6,575**	**511**	**7,079**

Key highlights year to date:

Repairs and maintenance

- Reactive repairs spend in the year to 28 February is £3,151k against a budget of £2,476k, £675k unfavourable to budget, largely driven by continuing high customer demand.

- Cyclical repairs spend of £1,488k has been incurred in the YTD, £97k favourable to budget.

Investment

- Investment covers all areas of our properties and external environment.

- Major Repairs spend for the period to 28 February is £4,685k against a budget of £5,179k, a favourable variance of £494k. The variance reflects the rephasing of budget and lower than budgeted spend against a broad number of work streams in the programme with challenges in lead times to secure supplies in the market. Progress in the pre 1919 tenemental programme remains behind budget while discussion on owner participation has taken longer than anticipated.

- Void costs of £688k have been incurred to the end of period 11 which is £29k unfavourable to budget. Void costs, which include repairs and maintenance to extend the life of the properties, are capitalised in line with Group policy.

7) New Build – P11

Development Name	Developer	Year To Date (£'000)			FY Budget
		Actual	Budget	Variance	
BEAVERBANK		22	-	(22)	-
CAMMO FIELDS	TBC	35	-	(35)	-
DALHOUSIE STH	Springfield Plc	2	-	(2)	-
FOUNTAINBRIDGE		- 1	73	74	73
GREENDYKES		-	145	145	145
GULLANE		1	-	(1)	
LANARK RD	Abbotswell Dev Ltd	6	-	(6)	-
LANG LOAN		-	168	168	168
LONGNIDDRY	Cruden	442	426	(16)	426
MACMERRY	Balfour Beatty	2	2,050	2,048	2,366
NEWMILLS RD PH2	Cala Homes	1,869	1,567	(302)	1,710
NORTHBERWICKPH2		60	-	(60)	-
PENICUIK	Cala Homes	1,232	3,198	1,966	3,709
ROSLIN	Taylor Wimpey	2,487	2,200	(287)	2,400
ROSLIN PH2	Taylor Wimpey	1,077	-	(1,077)	-
ROWANBANK	Artisan	951	2,250	1,299	2,500
SOUTH GILMERTON	Persimmon	2,074	2,032	(42)	2,032
WALLYFORD PH 2	Cruden Homes East	80	1,625	1,545	2,205
WESTCRAIGS1	Cruden	815	-	(815)	-
WESTCRAIGS2	Cruden	770	-	(770)	-
WESTCRAIGS3	TBC	121	320	198	651
WISP 3C	Springfield Plc	2,612	2,728	116	2,828
Property Aquisition		610	-	(610)	-
Capitalised staff costs		335	333	(2)	363
Total Cost		**15,601**	**19,115**	**3,514**	**21,576**
Grant Income		**7,945**	**12,400**	**(4,455)**	**14,315**
Net New Build Costs		**7,657**	**6,715**	**(941)**	**7,261**

New build spend at end of P11 totalled £15.6m against budget of £19.1m, an adverse variance of £3.5m.

- ***Longniddry (MMR/10) + Newmills Rd Phase 2 (MMR/15 and SR/12)*** : Both sites full completed in November 2021.
- ***Penicuik (SR/57):*** Approved by Board on 12 November 2020. Under construction, site was later in starting than anticipated when the budget was set.
- ***Roslin (SR/38):*** Under construction, progressing well.
- ***Roslin Phase 2 (MMR 14 and SR/24):*** Golden brick achieved on 18 plots in December 2021. Potential to achieve golden brick on remaining 20 plots by end of March 2022, ahead of programme.
- ***Rowanbank (SR/33):*** Golden brick status achieved on 4 February 2022. Currently reviewing spend potential for remaining of current financial year.
- ***South Gilmerton (SR/52):*** 9 units scheduled for completion in March 2022. Delays impacting on handover dates for final 18 units that had been due for handover in March 2022. Contract completion date is June 2022, with final units expected in line with this.
- ***Wallyford Phase 2 (MMR/15 and SR/45):*** Started on site in November 2021. Progressing well, achievement of golden brick is on course for March 2022.
- ***West Craigs phases 1 and 2 (MMR/168 and SR/132):*** Site acquired in March 2021. Tenders returned July 16 and approved by GDC on 23 September. Discussions on site start date underway.
- ***The Wisp 3C (SR/35):*** Delays in service connections means it is now not possible take 11 units in March. All units due to complete by June 2022.
- ***Lanark Rd (MMR/12):*** Site start programmed for September 2021. Some enabling works have completed but full site start not achieved due to difficulties surrounding project finance. Requires further discussion with the developer. Project is turnkey.
- ***Macmerry (SR/36):*** with Balfour Beatty. Approved by GDC on 23 September. Anticipated date for conclusion of missives is now March 2022.

8) Balance sheet

Period 11

	28 February 2022 £'000	31 March 2021 £'000
Fixed Assets		
Social Housing Properties	364,189	352,523
Other Fixed Assets	6,775	6,059
Investment Properties	31,855	31,855
	402,818	390,437
Current Assets		
Stock	687	505
Trade & Other Debtors	8,454	10,500
Cash & Cash Equivalents	1,304	2,984
	10,445	13,989
Creditors: within 1 year		
Trade Creditors	(436)	(804)
Accruals & Deferred Income	(24,944)	(20,491)
Prepayments of Rent and Service Charge	(1,516)	(1,341)
Other Creditors	(393)	(590)
Amounts due to Group Undertakings	(5,471)	(7,100)
	(32,759)	(30,326)
Net Current Liability	(22,314)	(16,337)
Long Term Creditors		
Loans	(34,128)	(33,632)
Amounts due to Group Undertakings	(128,831)	(126,831)
Pension Liability	(3,184)	(3,184)
Net Assets	**214,362**	**210,453**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve	214,362	210,453
Association's funds	**214,362**	**210,453**
	(0)	0

Key highlights year to date:

The balance sheet reported reflects the 31 March 2021 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties and actuarial valuation of the defined benefit pension scheme.

- The value of our **fixed assets** reflects additions in the year less depreciation.
- **Trade & other debtors** of £8.5m include prepayments and accrued income of £1.0m, an intercompany balance of £3.5m and net rent arrears of £0.6m (after bad debt provision) which is £0.2m adverse compared to the end of 2020/21.
- **Cash at Bank** – At 28 February Dunedin Canmore had £1.3m in the bank and has access to draw down further funding from WFL1 as and when required.
- **Short-Term Creditors** – Amounts due within one year of £32.8m includes £5.5m due to other Wheatley entities and £24.9m in accruals and deferred income. The remaining balance includes rent received in advance from our tenants, trade and other creditors (factoring deposits and payroll creditors).
- **Loans** of £163.0m relate to funding drawn down from WFL1, and external funding of £34.1m due to THFC and Allia (inclusive of rolled up interest charges).

Dunedin Canmore

Report

To: Dunedin Canmore Housing Board

By: Anthony Allison, Director of Governance

Approved by: Steven Henderson, Group Director of Finance

Subject: Governance update

Date of Meeting: 24 March 2022

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1. Purpose

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

- Strategic governance review implementation update; and
- New membership application.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the Group's overall governance arrangements. The RAAG Committee supports the Group Board in this role. Our Board is responsible for ensuring that we operate in accordance with the Group governance arrangements.

3. Background

3.1 The Board received an update on the strategic governance review at its last meeting. This report provides an update on the implementation of the workplan in relation to:

- New Dunedin Canmore Terms of Reference;
- Succession planning and Board diversity;
- Board reporting template;
- Date for the proposed risk workshop; and
- Group structure.

3.2 The report also seeks approval of a new membership application.

4. Discussion

Strategic governance review implementation

Board Terms of Reference/reporting and escalation

4.1 As part of the strategic governance review, it was agreed that we develop specific Terms of Reference ("ToR") for each Board. The ToR will consolidate what is already documented in our existing governance framework as well as document the route and parameters for this Board, and the Boards of our sister organisations, escalating issues to the Group Board.

4.2 We recognise there is value in the process of developing new ToR as an opportunity for Boards to refresh their understanding of their specific roles and responsibilities.

4.3 The draft ToR are attached at Appendix 1. The ToR are structured to set out clearly what requires Board approval, and is as such reserved to this Board, and other responsibilities of the Board in terms of ongoing scrutiny such as financial and business performance.

4.4 The ToR incorporate a section that explicitly document the arrangements for reporting and escalating any matters to the Group Board. This was also a recommendation from the strategic governance review.

4.5 Board feedback is sought on the draft ToR, which will supersede the existing Group Authorising Framework and Group Authorise, Manage, Monitor Matrix sections of the Group Standing Orders. Subject to Board feedback, the ToR will be recommended to the Group Board for formal adoption as part of the Group Standing Orders at its next meeting.

Board diversity

4.6 At present, our recruitment and succession planning takes into account diversity of skills and experience and gender.

4.7 In order to inform how we understand diversity in a Board context, we commissioned Campbell Tickell to make suggestions on the factors the Board may wish to take into account in defining diversity. These included a combination of factors that can be readily quantified, such as age, disability, gender and ethnicity, and more subjective areas such as interpersonal and communication style.

4.8 Alongside this, we considered what we would be able to tangibly measure and compare with other organisations. Housemark, a data and insight company for the UK housing sector, is now publishing Environmental, Social and Governance data. This includes information on Board demographics (age, gender, disability and ethnicity) as well as other areas of interest such as Board tenure and structure. As Housemark collect this data on an ongoing basis and has a wide membership in the sector across the UK, it can provide us with a reliable comparator.

4.9 Taking into account the above the Group Board considered what diversity markers would be appropriate for all Boards across the Group to consider as part of their recruitment and succession planning. It was agreed that we should focus on the following diversity indicators:

- Skills and experience (via the agreed Board skills matrix);
- Gender;
- Age;
- Ethnicity;
- Disability; and
- socio economic (based on National Statistics Socio-economic Classification criteria).

It was also agreed that we may in future broaden the diversity indicators as part of a second phase.

4.10 It is therefore intended that as part of our annual review of our rolling 3-year succession plan this year we will also consider Board diversity based on the above indicators. The results will then inform our refreshed 3-year succession plan which is scheduled for Board approval at the August meeting.

4.11 In advance of this Board members will already be asked to complete an equalities monitoring form as part of our Annual Return on the Charter.

Board template

4.12 The Group Board approved a new Board reporting template based on feedback from Board members across the Group. The revised template, attached at Appendix 2, has mainly changed the ordering of the sections in the report and reintroduced the key issues and conclusions section.

4.13 The risk assessment and customer engagement sections were previously at the beginning of the report. However, feedback from Boards across the Group referenced that they are read these sections without the report having yet set out the proposals or activities to which they relate.

4.14 They have therefore been relocated to after the main discussion section to allow them to be read within the context of being clear what they relate to. The pack for today's meeting is in the new format by way of example of the new flow.

Risk

4.15 A number of the risk related recommendations were contingent on the Board risk workshop. It is proposed that to ensure the risk discussion aligns with our strategy that the risk workshop is integrated with our strategy workshop planned for May. Based on the planned content, the risk discussion will be sufficiently concise to still allow a full discussion on our strategy as the strategic context element will have already been considered by the Board during the workshop.

Group structure

4.16 An update on the proposed East of Scotland partnership has been provided separately as a standalone agenda item.

Membership application

4.17 We have received a new membership application, a copy of which is attached at Appendix 3. We have considered the application and confirm that the applicant meets the criteria to become a tenant member.

5. Customer engagement

5.1 Customer consultation in relation to East of Scotland partnership will be carried out as set out in the partnership report.

6. Environmental and sustainability implications

6.1 There are no direct environmental or sustainability implications arising from this report. As previously advised, the Wheatley Solutions Board has been given a formal role in relation to this area as part of the wider strategic governance review.

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 There are no financial or value for money implications arising from this report. The financial and value for money implications in relation to the East of Scotland partnership are considered in that report.

9. Legal, regulatory and charitable implications

9.1 Our approach to governance and managing intra-group decision making is in line with the requirements of the Scottish Housing Regulator to ensure effective parent oversight whilst ensuring we maintain oversight of our own operations.

10. Risk appetite and assessment

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

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

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

10.4 The proposed Board ToR seek to ensure that the role of this Board is well defined and has been developed based on feedback from the Board. The ToR also respond to the strategic governance review recommendation in relation to reporting and escalation arrangements.

10.5 It is intended that the range of changes associated with the strategic governance review are brought back to the Board as they are agreed, as well as, upon full agreement of the implementation approach, as a collective governance framework.

11. Equalities implications

11.1 The future approach to Board diversity will support us in ensuring that equality and diversity is formally embedded into our recruitment and succession planning.

12. Key issues and conclusions

12.1 The Board Terms of Reference will help to ensure even greater clarity of the roles and responsibilities within the Group.

13. Recommendations

13.1 The Board is asked to:

1) Provide feedback on and agree to recommend the Group Board the proposed Board Terms of Reference;
2) Note the Board diversity indicators to be factored into our 3 year succession plan;
3) Note the revised Board reporting template;
4) Agree that we incorporate the risk review into our wider strategy workshop in May; and
5) Approve the membership application.

List of Appendices

Appendix 1 – Dunedin Canmore proposed Terms of Reference
Appendix 2 – Board reporting template
Appendix 3 – [redacted]

Dunedin Canmore Housing Limited Terms of Reference

General

1. Dunedin Canmore Housing Limited ("the Association") is a Registered Social Landlord ("RSL") and a property factor, which it discharges through an agency agreement with Lowther Homes Limited.

2. In accordance with the Association's Rules from time to time:

   I. The Chair appointment will be approved by the Group Remuneration, Appointments, Appraisal and Governance Committee based on having relevant skills and experience; and
   II. Board members appointments, other than tenant Board members, shall be approved by the Group Remuneration Appointments, Appraisal and Governance Committee on behalf of the Parent based on their skills and experience.

3. Relevant members of staff will normally attend meetings of the Dunedin Canmore Housing Board. The Board of Dunedin Canmore Housing has the right to meet in private without the attendance of any non-Board members or staff.

4. The quorum for Board meetings shall be 4, or as otherwise defined by the Rules of Association from time to time.

5. There will be no fewer than 6 meetings per year in compliance with the Scottish Housing Regulator Regulatory Framework requirements.

6. In addition to its Rules, the Association must adhere to the terms of:

   (i) the Wheatley Housing Group Limited Standing Orders; and
   (ii) an intra-group agreement with its parent Association which sets out the nature of the parent and subsidiary relationship including roles and responsibilities.

Primary Responsibilities

<u>Strategy, governance and performance</u>

7. Approve the Association's 5 year strategy and any material updates during the life of the strategy.

8. Annually approve performance measures and Dunedin Canmore Housing specific strategic projects, including measures to achieve the delivery of the 5 year strategy.

9. Approve any amendments to the Intra-Group Agreement with the Parent Association.

10. Approve any amendments to the Services Agreement and associated Business Excellence Framework with Wheatley Solutions.

11. Approve the Agency Agreement with Lowther Homes in relation to the provision of factoring services on the Association's behalf.

12. Periodically review and approve recommendations to the Parent on the Association's Rules.

13. Approve the appointment of tenant Board members.

14. Approve the initiation of any formal consultation with all tenants.

15. Approve the Association's Annual Return on the Charter for submission to the Scottish Housing Regulator.

16. Not less than annually review and approve the Board's skills matrix and succession plan for consideration by the Group Remuneration, Appointments, Appraisal and Governance Committee.

<u>Finance</u>

17. Approve the 5 year Financial Projections for incorporation into the Group 5 Year Financial projections.

18. Approve the annual loan portfolio and Five Year Financial Projections returns to the Scottish Housing Regulator.

19. Approve the annual rent increase and associated tenant consultation approach.

20. Annually approve the budget for the financial year.

21. Review and approve the Association's financial statements.

22. Approve entering contracts on behalf of the Association as required under the Scheme of Financial Delegation from time to time.

23. Approve borrowing levels and any associated loan agreements, covenant returns and granting of security.

<u>Development, investment, leases, acquisitions and disposals</u>

24. Annually approve the Association's rolling 5 year development programme.

25. Approve any property acquisitions or disposals by the Association, or parameters for where such acquisitions or disposals may be made under delegated authority.

26. Annually approve the Association's rolling 5 year investment programme.

27. Approve any stock reclassification, including designation of stock for demolition.

28. Approve the form, key terms and any amendments to the lease agreement for the management of Mid-Market properties by Lowther Homes Limited and delegate authority to execute these leases on the Association's behalf.

Assurance, policy and risk

29. Review and approve the Association's risk register and escalate any risk(s) to the Group Board in line with the Group risk management policy thresholds.

30. Approve any remedial action required in relation to Association specific material Internal Audit recommendations.

31. Approve Association specific policies as they relate to its activities, including, but not limited to:

- Advice, Information and Lettings (allocations) policy;
- Repairs and maintenance policy;
- Arrears and Debtors policy;
- Lock ups and Garage policy;
- Anti Social Behaviour policy; and
- Engagement Framework.

Other responsibilities

Governance and performance

32. Undertaken an annual Board self-assessment based on the approach agreed by the Group Remuneration, Appointments, Appraisal and Governance Committee.

33. Monitor financial performance against the agreed business plan and budget.

34. Monitor performance against agreed performance targets and strategic projects.

Assurance, policy and risk

35. Oversee the implementation of relevant group policies and frameworks.

36. Monitor the implementation of agreed risk mitigation actions.

Role of the Chair

37. The Chair is responsible for ensuring that the Board discharges its responsibilities.

38. The Chair of the Board or in absentia [any Vice-Chair, whom failing, a Board Member appointed to chair a meeting of the Board is responsible for the smooth running of Board meetings. This includes:

- agreeing the agenda for each meeting;
- ensuring that any action points from previous meetings are considered timeously;
- ensuring that the meeting runs to time and that adequate time is allocated for each item;
- encouraging contributions and questions where appropriate from all members of the Board;
- ensuring that the resolutions identified in the papers are tabled and dealt with; and
- Undertaking an annual appraisal of all Board members and facilitate an annual Board effectiveness review under the approach agreed by the Group Remuneration, Appointments, Appraisal and Governance Committee.

Reporting and escalation

- update the Board on any relevant matters discussed at the Group Board meetings held since the last Board meeting;
- Board meetings held since the last Group Board meeting;
- in discussion with the Group Chief Executive, advise the Group Chair and escalate to the Group Board any matters they agree may:
  - adversely impact the reputation of the Association or the wider Group;
  - have already or have potential to result in material non-compliance with legal or regulatory requirements; and
  - materially impact the financial viability of the Association and/or its ability to meet its obligations under any loan agreements and associated covenants.
- update the Group Board on any relevant matters discussed at Association.

Report

To:

By:

Approved by:

Subject:

Date of Meeting:

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1. Purpose

1.1 This should very clearly set out what is being asked of the Board such as:

- Seek approval of [xxxx];
- Provide the Board with an update on [xxxxx].

This section **should not** stray into the content of the report and should mirror the recommendations. This should be a **maximum** of 1-2 paragraphs.

2. Authorising and strategic context

2.1 This section should specifically set out in what authorising context the Board/Committee is being asked to act. This must include a direct reference to at least one of the following:

- Intra-Group Agreement (IGA);
- Group Standing Orders (GSOs);
- Group Authorising Framework (GAF);
- Authorise/Monitor/Manage Matrix (AAMM);
- Scheme of Financial Delegation.

2.2 This section should also clearly identify the links to the Group/Partner strategy, setting out:

- Which strategic theme(s) the report relates to
- What strategic outcome(s) the report contributes to achieving
- Any associated strategic results
- Any specific strategy commitment the report relates to and/or will be met

It should also set out any other relevant strategic context, for example links to strategic objectives of partners or key stakeholders.

3. Background

3.1 Any **pertinent** issues which provide the context for the report e.g.:

- Previously agreed decisions, actions or Board discussions;
- Recap of pertinent information previously communicated;
- Any other relevant background information.

4. Discussion

4.1 This is the main body of the report and should set out clearly and fully cover what is set out in the purpose of the report and further detail the influence of the customer engagement.. For reports to partner Boards this should have a **clear focus** on what is relevant and applicable to the particular partner. For example where the report relates to a Group Policy or similar, it should not be a boiler plate replica of the Group Board report.

5. Customer Engagement

5.1 Our strategy has a very clear focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers. This section should include details of:

- How we have engaged customers on development of any proposals in the report; and/or
- how we plan to engage customers on the proposals in the report

6. Environmental and sustainability implications

6.1 This section should clearly set out links to our supporting the delivery of our approach/objectives in relation to environmental and sustainability issues, including:

- Link to Green Investment activity;
- Reducing our carbon footprint;
- Renewable energy;
- Climate change.

7. Digital transformation alignment

7.1 Our Group Strategy sets a clear direction and is underpinned by digital transformation. This section should set out which digital transformation theme the proposals are contained within and/or will be contributing to delivering. It should also confirm whether the proposals are contained within the Digital Transformation Programme.

7.2 Where the proposals are not already included within the Digital Transformation Programme this section must:
- detail why they are not in the existing plan
- detail how they will be resourced within the proposed timescale

8. Financial and value for money implications

8.1 The financial implications or analysis associated with the report should be clearly identified and where possible quantified. This should be linked to how any proposals or courses of actions will be funded and will, as appropriate, cover areas such as:

- Source of funding (including relevant group entity, partnership or other available funding e.g. Government / Local Authority pots and funds);
- Impact on budget;
- Business plan implications, including impact on surplus;
- Key milestones;

8.2 This section should also confirm how the proposal provides value for money, for the business and for tenants/customers/people we work for.

8.3 Where there are no implications, such as scrutiny / update reports (e.g. Finance report or performance report) the section should expressly state that this is the case.

9. Legal, regulatory and charitable implications

9.1 This section should clearly outline the relevant legislation and regulation which applies to the subject matter. It should set out the implications of the legislation, including how these have been incorporated in any proposals or reference where such information is already contained within the body of the report.

9.2 It should include:-

- an assurance that the necessary checks have taken place to ensure that there is no risk to legal compliance and provide details of any legal advice received;
- details of any consents required with the proposals e.g. SHR or funder; details of any legal or regulatory consultation requirements with tenants or people we work for.

[GUIDANCE / INPUT SHOULD BE SOUGHT FROM LEGAL / GOVERNANCE AND FINANCE]

10. Risk Appetite and assessment

10.1 The report should make a **specific reference** to the Board's approved risk appetite level in relation to the subject matter e.g.:-

Our agreed risk appetite in [insert risk area] is [insert tolerance level]. This level of risk tolerance is defined as "[insert the definition for risk rating]".

Where there is no defined existing or linked risk appetite level, consider proposing a new risk appetite for approval.

10.2 It should then go on to identify the key risks / overall level of risk associated with the proposals, taking into account all of the commentary in sections 4-9.

11. Equalities implications

11.1 This section should set out how any proposals made ensure we continue to comply with equalities legislation, where applicable.

12. Key issues and conclusions

12.1 This section should act as a summary recap of the key issues and conclusions drawn from the preceding sections. This should be in an executive summary style as an aide memoir to the Board/Committee before they consider the recommendations.

13. Recommendations

13.1 This section should clearly set out what the governing body is being asked to do, eg specific approvals and decisions that are being sought. This should reflect the purpose section.

WHERE THERE IS A CONSENT REQUIREMENT, THE RECOMENDATIONS SHOULD CLEARLY STATE THE RECOMMENDATION IS SUBJECT TO RECEIVING SUCH CONSENT

LIST OF APPENDICES:-

All appendices within the document should be identified. All attached documents outwith the report should be identified as an Appendix and appropriately numbered, not referred to as 'attached' or 'enclosed' etc.