WHEATLEY HOMES EAST
BOARD MEETING

Thursday 23 November 2023 at 5pm
New Mart Road (Edinburgh)

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of 21 September 2023 and matters arising
   b) Draft AGM minute
   c) Action list

4. Chair's update

Main business and approvals

5. Customer insight update (presentation)

6. 2024/25 rent setting and service charges

7. [redacted]

8. Pre -1919 tenement strategy update

9. Q2 Performance and Delivery Plan

10. Edinburgh Homelessness – presentation (no paper)

11. Governance update

Other business

12. Social Media Policy

13. Finance Report (inc. covenant amendment)

14. Risk register

15. [redacted]

16. AOCB

Report

To: **Wheatley Homes East Board**

By: **Laura Henderson, Managing Director**

Approved by: **Hazel Young, Group Director of Housing and Property Management**

Subject: **2024/25 Rent setting and service charges**

Date of Meeting: **23 November 2023**

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1. Purpose

1.1 This report:

- seeks agreement from the Board for the 2024/25 rent and general service charge increases for initial focus group discussion; and
- sets out proposals for engagement and consultation with Wheatley Homes East tenants on rent increase options.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the Group rent setting framework. Subsidiary Boards approve their own rent increases within this framework.

2.2 The Group Board agreed that a base increase within the range of 6.9%-7.9% should be the basis of our initial focus group discussions with each RSL's tenants. Alongside this, we would discuss two additional options of +0.5% and +1% on the base to fund additional investment in tenants' homes, as we have in previous years.

2.3 As part of the second year of our commitment in the partnership agreement between WLHP and Wheatley Homes East in 2024/25 we are committed to delivering a rent offer at 2.5% for our ex-WLHP tenants.

3. Background

Economic context

3.1 The economic outlook in the UK remains under pressure. Inflation has proved to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the current general CPI rate of 4.6% is on a slow downward trend it has remained higher for longer than initially anticipated. An unwinding to the long-term Bank of England target of 2% is now not likely to be achieved until the first half of 2025.

3.2 Our most recent predicted full-year financial out-turn for this financial year, reflects the impact of revised assumptions for interest rates and inflation and most notably for repairs expenditure which has continued to see an increase in demand with job numbers up 4.5% in the first half of 2023/24 compared to the same period in 2022/23 and a higher level of inflation on materials compared to the general CPI measure.

3.3 Our increased focus on addressing issues of dampness and mould in our properties has also been a factor. We have implemented a number of actions to increase the efficiency of the service, but in common with most social landlords in the UK we are seeing a sustained increase in customer demand and expectations for repairs and we have reflected an increased provision in our forward financial projections for this.

3.4 Since 2022/23 our business operations have been affected by increases in the cost of fuel, utilities, insurance and building materials. Fuel and utilities costs have stabilised to some extent, however, the most recent figures published by the Office for National Statistics show that inflation on repairs and maintenance services remains much higher than general inflation at 8.6%. Repairs costs make up a large proportion of our operating costs. Our insurance costs have increased sharply too, up 30% in the last two years.

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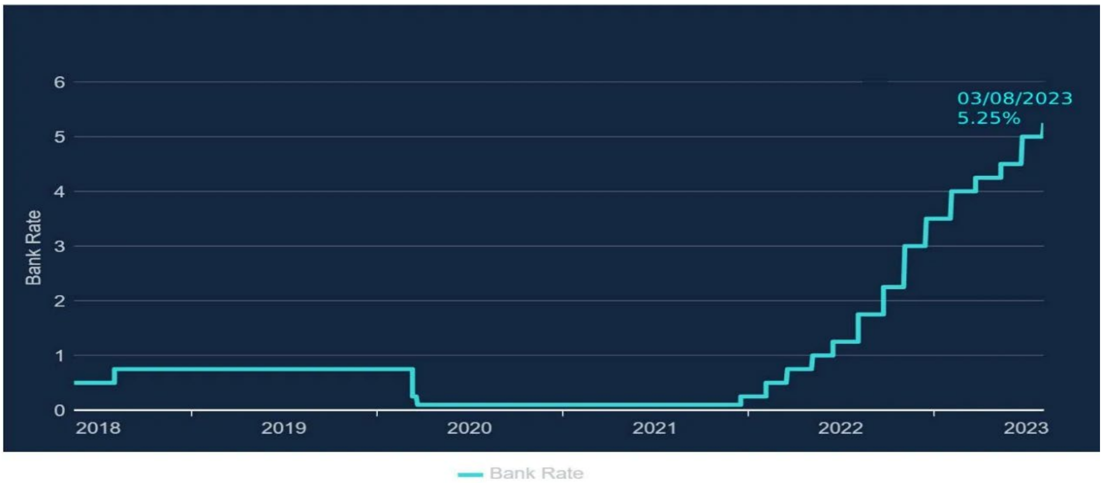
3.5 Interest rates have been subject to 14 consecutive increases with rates currently at 5.25% after a pause in the increases at the last two Bank of England monetary policy committee meetings. Markets predict that rates may be subject to one further increase to 5.50%. This is lower than previous predictions over the summer which suggested rates hitting 6.25% to 6.50%, the current view is that while rates will peak at a lower level they will remain there for a longer period only reducing in late 2024/25. A large proportion of our existing funding is at fixed rates (87% at October 2023) which limits our interest rate exposure to the remaining 13% of variable rate borrowings.

UK Base rate – 2020 – 2023



<u>Programme for Government/Housing Bill</u>

3.6 The Scottish Government has extended the remaining provisions within the Cost of Living (Tenant) Protection (Scotland) Act 2022 for a further and final six-month period to 31 March 2024. The extension is on the same basis as currently exists: a 3% cap for private landlords; and the enforcement of evictions continuing to be paused for six months for most tenants other than a small number of specified circumstances.

3.7 Since the last meeting it has been confirmed that the powers for long-term rent controls which will be introduced with the new Housing Bill will not apply to social landlords. This means that there are no limits on RSL rent increases for 2024/25.

4. Discussion

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

- Affordability;
- Comparability;
- Financial viability; and
- Consultation with tenants and service users.

<u>Affordability</u>

4.2 The UK minimum wage **increased by 9.7%-10.9%** in April 2023. In April 2023 the uprating of most benefits, including Universal Credit, was **an increase of 10.1%** which was also the increase for the state pension.

4.3 Our rent increases from April 2023 of **2.5%** were significantly below the uplift of the minimum wage, Universal Credit and UK pensions.

4.4 The UK Government announced in October that it will accept the Low Pay Commission recommendations, expected this month, for the increase from April 2024 (https://www.gov.uk/government/news/chancellor-announces-major-increase-to-national-living-wage). Based on the Low Pay Commission's latest forecasts, this would see the National Living Wage increase to over £11 per hour from April 2024 (from the current £10.42 for over 23s).

4.5 Under the triple lock, the UK pension is meant to increase by whichever is highest from the percentage increase in average earnings from May to July the previous year, inflation in September the previous year or 2.5 percent. For the April 2024 pensions increase the highest level under the triple lock is 8.5% based on average earnings, with the relevant inflation indicator of 6.7%. Whilst the 8.5% is not guaranteed and there remains a possibility it is lower, it is not currently expected to be lower than the upper level of our rent increase proposal.

4.6 The Scottish Government increased the Scottish Child Payment from £20 to £25 per week, per eligible child, in November 2022 and this remains in place. As part of this, the criteria for the payment expanded for all eligible children (looked after by a guardian in receipt of a qualifying benefit) under 16, as opposed to the current age of under 6s.

4.7 The expansion of the Scottish Child Payment had a significant impact for those families eligible to receive £1,300 annually for each child over the age of 6. Our analysis at the time of the numbers of children and households across the Group suggested that over 5,300 households may have benefitted from the increase.

4.8 We have used the joint Scottish Federation of Housing Associations ("SFHA") Rent Affordability Tool to assess how affordable our rents are. This tool allows us to calculate the *Rent as a percentage of income* for different customer groups most associated with different property sizes – summarised in Table 1 below.

Table 1: Affordability analysis by property type and household composition

Customer Group	1 Apt	2 Apt	3 Apt	4 Apt
Single Person	37.4%	32.2%		
Single pensioner	34%	29.3%		
Couple 1PT 1FT / Pensioner couple		21.5%		
Couple 2FT		16.1%		
Single parent (2 Children)			21.5%	23.0%
Small family (2 Children)			16.4%	17.5%

4.9 The table show that consistent with previous years; one apartment bedsits (including supported accommodation) and one-bedroom and two-bedroom properties occupied by single people in Wheatley Homes East appear to have higher rent to income ratios above 30%. For many supported tenancies, this is because service charges are in place to fund the housing support costs. These are paid for in almost all cases by housing benefit. For the remainder of the properties, our analysis highlights that all our rents consume less than one-third of average net estimated household income, which is often taken as an indicator of rent being affordable. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability has quoted a figure of 35% of net household income[1] as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income[2], then serious affordability issues may arise.

[1] https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/

[2] https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/1559583017920/Defining+and+measuring+housing+affordability.pdf

4.10 We continue to offer a wide range of wraparound services and wider support to our customers who are experiencing financial hardship including the Here For You Fund created in response to the cost of living crisis.

Comparability

4.11 Wheatley Homes East's rents reflect the higher rent profile of the Edinburgh market and are around the median for social landlords in the city. The reduced 2.5% increase applied for 2022/23 was the lowest amongst the comparator group which has improved comparability. These rates are based on the latest available information via the 2022/23 Annual Return on the [Scottish Social Housing] Charter ("the ARC") to the Scottish Housing Regulator ("SHR") with the 2023/24 rent increase (sourced from the SHR) applied.

Table 2: Wheatley Homes East RSL average rents + service charges at March 2023 with 23/24 increase applied (Source ARC 2022/23)

Edinburgh, the Lothians and Fife	**Average weekly rent by House Size**				
Social Landlord	**1 Apt**	**2 Apt**	**3 Apt**	**4 Apt**	**5+ Apt**
Prospect Community Housing	-	£86.93	£94.87	£109.19	£125.34
Link Group Ltd	£76.12	£89.70	£100.90	£106.15	£119.83
City of Edinburgh Council	£81.97	£91.42	£105.97	£122.02	£130.65
Harbour Homes	£80.66	£92.22	£106.74	£122.42	£137.89
Castle Rock Edinvar HA	£80.64	£90.39	£107.93	£121.62	£136.96
WH East (all stock)	£118.61	£100.91	£109.01	£116.86	£127.32
Manor Estates HA	-	£113.23	£109.70	£114.62	£134.98
Viewpoint HA	£109.76	£128.14	£129.29	£152.80	-

4.12 In West Lothian we recognised that our rents were comparatively higher and this was a major factor in the creation of Wheatley Homes East. As was our intention, our rent commitment made as part of the tenant ballot, and delivered through our 2.5% increase for 2023/24 rents, has improved comparability.

West Lothian	**Average weekly rent by House Size**				
Social Landlord	**1 Apt**	**2 Apt**	**3 Apt**	**4 Apt**	**5+ Apt**
Almond HA	£61.70	£81.93	£91.80	£104.16	£119.88
Castle Rock Edinvar HA (all stock)	£80.64	£90.39	£107.93	£121.62	£136.96
West Lothian Council	£71.68	£78.49	£83.58	£88.61	£95.44
WH East (West Lothian only)	-	£96.92	£97.06	£102.38	£106.06

Financial Viability

4.13 We form part of a borrowing group with other Wheatley RSLs. This means that we assess the key financial indicators of the RSLs aggregated together. Over recent years, the financial capacity within our RSL business plans has been subject to external pressures created by:

- higher inflation peaking at 11.1% and currently at 4.6% compared to our core assumption of 2.5%;
- repairs and maintenance inflation higher and currently at 8.6%;
- higher variable borrowing costs currently at 5.25% compared to our previous long-term assumption of 5.00%;
- repairs spend which has seen large increases in demand from tenants and has also been subject to inflationary increases in the price of materials (up 17% in 2022/23 and a further 6.9% in 2023/24 to date) driven by post pandemic shortages and the effects of Brexit; and
- increasing legislative compliance and future retrofit requirements.

All of these factors have been consumers of headroom that previously existed in our financial projections.

4.14 Cost efficiencies and rent increases are key areas in improving the financial capacity within the business. We have been able to keep rent increases low by driving overhead efficiencies from our Group structure. These actions combined with efficiencies achieved over the previous five years have provided a real reduction in staff and running costs of c£2m (12%) since 2018.

4.15 Our business plan requires us to maintain a balance across keeping our rents affordable, maintaining the standard of our homes and ensuring the organisation remains financially viable. In considering last year's rent increase as well as the staff and running cost efficiencies, we also looked to our capital programme and agreed to defer core investment projects for 2023/24 and 2024/25 into the period beyond 2025/26. This allowed us to limit our April 2023 rent increase at 2.5% in recognition of the cost of living pressures faced by our customers.

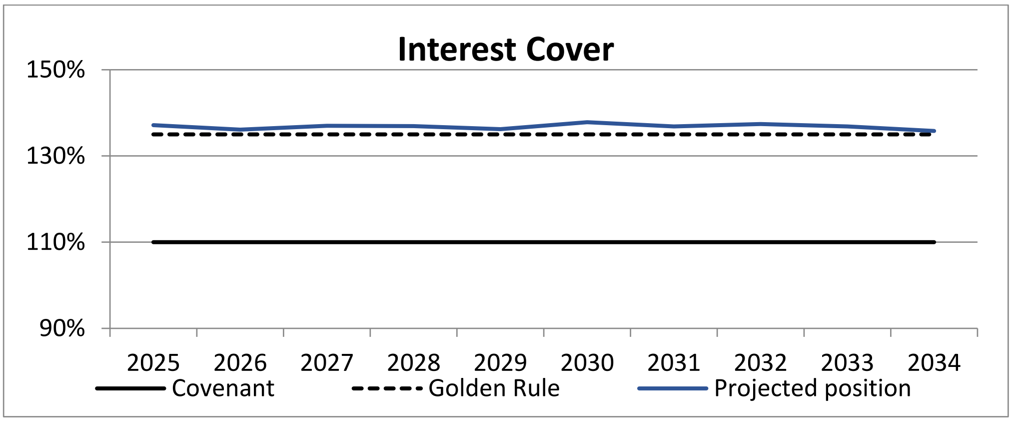
4.16 A large proportion of our capital programme, over 30% of spending every year relates to building safety and compliance and therefore must be delivered to meet our duties as a landlord. Compliance work includes electrical and fire safety works, TMV installations, heat and smoke detector replacements, boiler breakdown replacements and lift replacements. After the deferrals that were agreed upon last year, this left a limited core programme before voids, capitalised repairs, capitalised staff and adaptations for both 2023/24 and 2024/25.

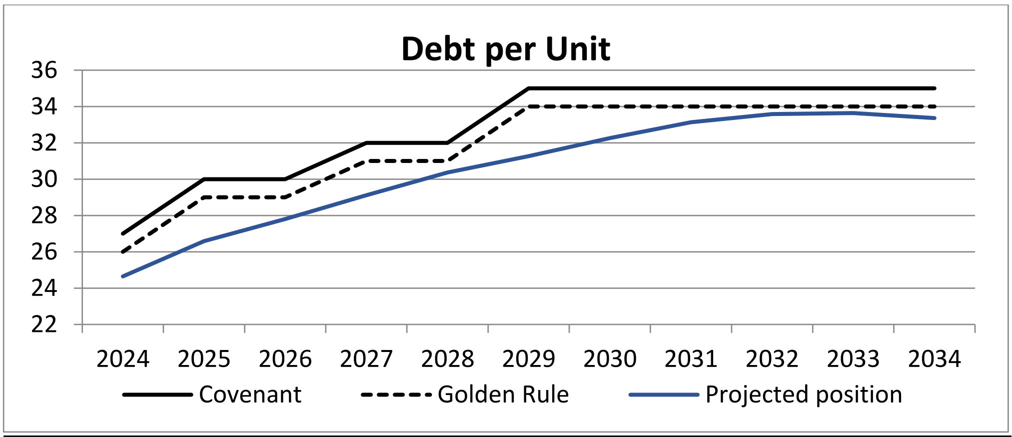
4.17 We have updated our financial projections to consider the effect current economic conditions have on our financial position setting the context for rent discussions. Inflation has remaining higher than previously predicted and we now expect it to remain above the Bank of England's long term 2% target until the first half of 2025 and interest rates have been increased to 5.25% to tackle inflation, a rate which was beyond the previously forecast peak. These factors combined with an additional 4.5% increase in demand for repairs have put added demands on the financial capacity that we had in the approved projections.

4.18 Our tenants have previously told us how important the repairs service and the overall quality of their home are to them. This has been confirmed through the feedback gathered from our recent customer insight conversations. As outlined in 4.15 we have already deferred some capital investment projects to deliver the low rent increase in April 2023, and to maintain the existing capital programme, the quality of our homes and meet the needs of our customers for repairs we need to consider a rent increase at the proposed range.

4.19 A baseline rent increase of 6.9% would allow the year 1 (2024/25) capital programme to be maintained at the level agreed in the 2023/24 financial projections but would require some further deferrals from year 2 to year 5. A rent increase above 6.9% would help build back in financial capacity for investment more quickly over the five year period. The effects of high inflation and higher interest rates persisting for a longer period would see a lower level of headroom from year 2 onwards against the interest cover Golden Rule compared to the 2023/24 approved projections. As part of our April 2024 rent proposals we will continue to assist our tenants who struggle to pay their rent and have assumed a provision in the 2024/25 Helping Hand Fund at a Group level of £1m, of which we would contribute a share of £130k.

4.20 We form part of a borrower group with the other Wheatley RSLs and we assess the key financial indicators of our RSLs aggregated together. Our two key indicators of interest cover which measures whether our operating surplus covers our interest costs and debt per unit which relates to our borrowing capacity are both covenant measures in our loan agreements. Taking the rent increase of 6.9% and associated changes to running costs, profile of investment spend and the provision for the 2024/25 Helping Hand Fund, the charts below show that we continue to maintain our minimum headroom in line with our Golden Rules of 25% to the interest cover covenant and £1,000 of debt per unit and remain fully compliant with loan covenants.





4.21 We are continuing to work through discussions with funders on covenant flexibilities. Should we secure the requested changes, this will release financial capacity which was not previously available for specific investment capital projects around retrofit and improvements in the energy efficiency of our homes. These discussions have not yet concluded and have therefore not been assumed in the update to our financial projections for the purposes of rent setting.

Consultation and approval – timing and approach

4.22 The consultation with tenants has in previous years set out the proposed increase with options for two 0.5% increments launched to initial focus groups followed by writing to all tenants. This year, given the uncertainty regarding the final options it is intended that we engage the focus groups on the proposed range of 6.9%-7.9% with two additional options in 0.5% increments but with a greater focus on the rent consultation booklet. With ex WLHP stock being capped at 2.5%.

4.23 It is proposed that the focus groups would be an independently facilitated discussion on:

- The range of 6.9% and 7.9% (2.5% for ex WLHP stock) and why that is necessary e.g. legal requirements, compliance based investment, repairs demand and economic climate;
- The planned approach to offering two additional options which will support additional investment focusing on work such as kitchens, bathrooms, and energy efficiency upgrades;
- The draft rent brochure and how well it explains the above.

4.24 The key outcomes we will be seeking from the focus groups would be:

- qualitative feedback on the proposed rent increase range;
- clear messaging in the final brochure on why the level is what it is; and
- feedback on whether the proposed focus on investment activity for additional options is where tenants would want to see spending prioritised.

4.25 It is intended that we will seek to engage 125-150 tenants in the focus groups, drawn from across the RSLs on a broadly proportionate basis. The focus groups will be a mix of in person, online and daytime and evening to allow more opportunities to participate. The attendees will be drawn from our Customer Voices, with priority given to those who have not previously attended one.

4.26 A draft of the rent consultation booklet is attached at Appendix 1. The key change for this year has been to further reduce the amount of text it contains, whilst retaining the key messages. This is based on tenant feedback which has consistently indicated that verbose communications diminish their appetite to engage.

4.27 In terms of the formal consultation and when and how we agree where within the 6.9%-7.9% range with two additional options in 0.5% increments, we consult the proposed approach is as follows:

Key action	Timescale
Group Board approves rent increase range	Complete
Board approves the rent increase range and delegate authority to the Chair to agree final level (between 6.9%-7.9%, 2.5% for ex WLHP)	Today
Independently facilitated rent Focus Groups	w/c 20 and 27/11
Group Board approve final consultation levels – taking into account focus group feedback and available comparability data	20/12
Chair confirms to Board members the planned rent consultation increase options	20/12
Consultation with tenants (subject to mail drops but a minimum of 2 weeks)	8-29 January 24

4.28 As with previous years we will engage with Civica electoral services to independently administer the consultation process and verify the results. Following the high uptake levels last year we will again offer the option to respond online or via text message as well as by post.

4.29 In order to allow us to ensure the final notification to tenants on the rent increase arrives in time, the Group Board has approved this Board to have delegated authority to approve the increase at their February meeting where it is within the agreed range i.e. the Group Board agreed range in December.

4.30 This will mitigate the risk that the letters are delayed awaiting Group board approval and do not arrive in time to give sufficient, including a legal minimum of four weeks' notice to tenants. This will also allow us longer to engage with tenants once they receive the notification, particularly those who are required to update their Universal Credit portal with the 2024/25 rent levels.

5. Customer Engagement

5.1 The rent focus groups will seek customer feedback on the main mechanism for customer engagement, the rent consultation booklet. Thereafter every tenant will be formally consulted as part of the rent setting process.

6. Environmental and sustainability implications

6.1 No implications noted.

7. Digital transformation alignment

7.1 Tenants will once again be able to participate in the consultation through a wide range of means, both in person and digital. Responses will also be able to be emailed to the independent provider Civica. We will use a wide variety of digital and social media approaches to publicise the consultation.

8. Financial and value for money implications

8.1 We consider a rent increase range of between 6.9% and 7.9% (2.5% for ex WLHP stock), provides an appropriate balance between affordability for our tenants and the preservation of appropriate levels of investment in our homes. This is within the context of our financial projections which already included the identification of substantial cost efficiencies and the deferral of capital investment which were agreed previously and allowed us to keep the April 2023 rent increase as one of the lowest in Scotland.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "avoidance of risk and uncertainty is a key organisational objective".

10.3 The proposed approach to consultation includes writing to all tenants and this mitigates the risk that we do not meet our statutory obligation in relation to consultation.

11. Equalities implications

11.1 Our approach to engagement and consultation is designed to be inclusive and will take into account particular customer needs including, where required, support to attend meetings and documents being provided in an accessible format.

12. Key issues and conclusions

12.1 As we set out rents for 2024/25 we must be cognisant of the economic climate, our future obligations in relation to building compliance and continuing to meet the increased tenant demand for reactive repairs.

12.2 Taking this into account it is proposed that we agree on a range for the rent increase with the ability to finalise where within this range we will consult in December. This will allow us to consult based on the most up to date information on the economic climate and also expected future repairs demand based on a further two months of demand and spend analysis.

12.3 Our analysis shows that our average rents are currently well within the range of affordability and the expectation is that the National Minimum Living Wage and pensions will be increased at a level greater than our rent increase range.

13. Recommendations

13.1 The Board is asked to:

1) Approve a rent and service charges increase range of 6.9%-7.9% for initial consultation with focus groups, with additional options of +0.5% and +1% to be discussed as part of this, on the basis of funding additional investment in tenants' homes and 2.5% for ex WLHP stock;
2) Note that, following the Group Board meeting in December, the Wheatley Homes East Board will be updated on the final options for the all-tenant consultation (i.e. where in the 6.9%-7.9% range) on 20 December 2023; and
3) Note that the final decision on the rent and service charge increase will be made by this Board in February, following feedback from the tenant consultation process.

LIST OF APPENDICES:

Appendix 1 – [redacted]

Report

To:	**Wheatley Homes East Board**
By:	**Laura Henderson, Managing Director Wheatley Homes East**
Approved by:	**Hazel Young, Group Director of Housing and Property Management**
Subject:	**Pre 1919 Tenement Strategy update**
Date of Meeting:	**23 November 2023**

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1. Purpose

1.1 This report provides an update to the Board on:

- Pre 1919 Tenement Strategy; and
- Disposals and Acquisitions

1.2 This report seeks the Board's authorisation to dispose of a further six pre 1919 tenement properties as set out below.

2. Authorising and strategic context

2.1 Under our Terms of Reference, we are responsible for managing our business and for approving our own property acquisitions and disposals, or parameters for where these can be made under delegated authority.

2.2 This report aligns with our strategic theme, *Making the most of our homes and assets.* Within that, it links to our strategic outcome *Investing in existing homes and environments.*

3. Background

3.1 We initially approved an asset management approach in 2014 setting out how we will manage our property portfolio. One of the key components of this was the need to address current and future challenges presented by our older pre 1919 housing stock.

3.2 Board subsequently approved the 'Pre 1919 Tenement Strategy' in October 2015. The strategy was developed with the aim of sustaining the future viability of our tenement stock following a comprehensive "common" stock condition survey of our pre 1919 stock.

3.3 Particular concerns and risks relating to our pre 1919 stock included: -

- the quality of accommodation provided and the state of repair;
- future options for such stock in terms of costs of repair and whether this stock represents value for money; and
- providing a quality management and maintenance service to tenants while addressing the challenges presented by mixed tenure ownership.

3.4 The surveys concentrated on the external fabric of buildings including the condition of roofs, stonework, leadwork and flashings, rainwater goods, chimneys, internal stairs, main doors, and backcourts.

3.5 As part of the exercise, condition profiles for each building were prioritised to assist in determining potential timelines for planning work programmes.

3.6 A key component of the strategy was the need to rationalise our tenement stock by consolidating our geographical footprint to achieve higher standards of customer service and greater efficiencies. In March 2017 our Board approved the sale of 54 single tenement flats as part of the delivery of the Pre 1919 Tenement Strategy and agreed that we acquire alternative tenement flats elsewhere in Edinburgh.

3.7 At the time of writing the strategy, we owned 946 properties located within 185 tenements.

3.8 Under the Disposal and Acquisitions Policy, we have sold 19 pre 1919 properties and purchased 5 at Lower Granton Road from The City of Edinburgh Council, giving a current stock total of 932 properties located within 166 tenements.

4. Discussion

<u>Progress 2015-2023</u>

4.1 We have invested over £6m maintaining the life of Edinburgh's historic tenement buildings. This has included completing major fabric renewals to Earl Grey Street, Orwell Place, Caledonian Crescent, Rosemount Buildings, Yeaman Place and carrying out emergency works to repair falling masonry and roof repairs to ensure customers' homes are safe, wind and watertight.

4.2 The purchase of the 5 properties at Lower Granton Road allowed us to secure majority ownership within each block allowing our customers and owners to benefit from environmental improvements within the back garden areas, stair lighting upgrades and access to any future planned investment works.

4.3 Approximately 320 of our customers and private owners located within 22 pre 1919 tenements have benefitted from the completion of major stone, roof, window, bathroom, kitchen replacements, energy improvements and improved environmental areas.

Condition information

4.4 We recently, as part of a wider stock condition information validation exercise, reviewed the information we hold on the condition of our pre-1919 stock. This validation exercise was undertaken by Jones Lang Lasalle (JLL) and surveyed roughly 8% of our properties. JLL confirmed that the information we hold, such as remaining useful life, on the condition of key internal components (e.g. kitchens, bathrooms, windows etc) and external components (roofs, gutters etc) is consistent with what they would expect.

Social Housing Net Zero fund

4.5 In 2022/23 we successfully applied to the Scottish Government's Social Housing Net Zero fund for support to improve our pre-1919 tenement stock. Our proposal, which sees the Scottish Government provide a 50% match contribution to the works, was to undertake deep retro fit on tenement properties when they become void, with the plan to complete 22 during 2023/24. To date work has been completed at 10 properties, with three more on site at present and a further five surveyed in advance of works starting. Grant funding for the works complete so far is £100,000.

4.6 Bespoke solutions are developed for each property with the focus on a fabric-first approach. This aims to minimise the need for energy consumption in the property through improving air tightness with a new lime parge on the internal (often rubble) wall face; internal wall insulation, optimizing natural ventilation and making the best use of the thermal mass of the building fabric to reduce reliance on the heating systems. Heating systems improvements are also included where necessary through replacing the system with new high efficiency electric space and water heating system and controls.

4.7 Works completed so far have typically increased the energy efficiency rating of the property from D to B; thereby meeting the EESSH2 requirement well in advance of the target year of 2032.

4.8 We are planning to apply for SHNZ funding when applications reopen in February 2024, with the purpose of continuing to retrofit suitable tenement properties as they become void.

SHQS/EESSH

4.9 At the time of developing the strategy, 95% of our pre-1919 tenements complied with SHQS, with 42 properties failing. 84% complied with EESSH with 156 properties failing to meet the standard.

4.10 Substantial progress has been achieved via our investment programme that have moved, SHQS compliance to 99%, with 9 property fails and EESSH compliance to 97% with 33 property fails.

Investment Planning

4.11 Our investment plan in existing homes is a key component of the 'Making the most of our homes and assets' strategic theme in our five-year strategy, in particular the strategic outcome of investing in existing homes and environments. Our investment planning process has continued to build upon the asset management approach started in 2014. Our 5-year investment plan 2023-2028 includes £3.85m for the refurbishment of our pre-1919 tenement stock.

4.12 Works required to this stock to meet SHQS and EESSH compliance include new kitchens, heating and internal wall insulation and will be funded via our 5-year investment plan and the Social Housing Net Zero Fund.

Property disposals.

4.13 During the life of the pre-1919 strategy, we have sold 19 of the 54 units that were identified for disposal. We will explore the acceleration of the sale of the remaining 35 single pre-1919 properties using our allocation policy and identifying any tenants within these properties who are looking to be re-housed. This will allow more focus and resources on the remaining 109 tenements.

4.14 We have also now identified 6 additional properties for disposal, in line with the principles of the pre-1919 strategy. A list of these properties, recommendation and supporting rationale is set out in the table below.

4.15 These properties have recently become void and with approval would be sold on the open market. The reason for disposal complies with our Group Disposal and Acquisition Policy and we will ensure that where required the relevant consent from funders has been sought and received and the Scottish Housing Regulator has been notified.

Address	Issue Identified	Proposed Action
17 Murdoch Terrace 4f1	Does not meet current building space standards, fails SHQS, EESSH. Uneconomical to carry out investment works. (£125k) Unlikely to obtain planning permission.	Disposal
17 Murdoch Terrace 4f2	Does not meet current building space standards, fails SHQS, EESSH. Uneconomical to carry out investment works. (£125k) Unlikely to obtain planning permission.	Disposal
16 Breadalbane Terrace	Single property within a 'block of 4' pre-1919 tenement. Extensive works required to meet EESSH 2 and the relet standard	Disposal
13/5 Caledonian Place	Kitchen facilities will not meet SHQS and would require extensive and uneconomical remodelling of the property to do so. (£40k)	Disposal
6 1f3 Chalmers Buildings	Very limited space standards and kitchen will not meet SHQS	Disposal
3 Chalmers Buildings	Single Property within pre-1919 tenement, extremely poor condition, Major Rot works required and refurbishment to meet EESSH & SHQS	Disposal

5. Customer engagement/Partnership implications

5.1 Customer engagement has influenced our investment plans via focus groups held with our Customer Voices. There are no implications from this paper with regards to existing strategic partnerships with the City Council and the Scottish Government.

6. Environmental and sustainability implications

6.1 A particular focus over the next five years is our theme of 'Warm, High-Quality Homes.' This theme encompasses our energy efficiency and internal modernisation programmes. The programme will include piloting bespoke retrofit measures to 38 void pre-1919 tenements within our Fountainbridge and Gorgie communities costing circa £10k-£15k per property and saving 331 tonnes of CO_2. This will help achieve our Group wide target of reducing the output of CO_2 emissions by at least 4000 tonnes each year from our homes.

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 In line with the Group Disposal and Acquisition Policy disposals are approved ensuring there is a plan to account for funds, there is budget provision for subsequent acquisitions, the correct disposal/acquisition price has been identified and funder approval is in place to proceed.

8.2 Each proposed disposal identified in paragraph 4.15 will be at an independent market valuation to achieve best value for us. Receipts from each sale, less deduction for legal and valuation fees, will be reinvested in property acquisitions with provision made in the Business Plan to fund the future acquisitions.

8.3 A disposal and acquisition register will be established to track progress with disposals and acquisitions to ensure funds can be managed.

8.4 Our aim will be to replace any disposals with similar sized properties to ensure rental income and our property portfolio remains consistent.

9. Legal, regulatory, and charitable implications

9.1 Our approach to managing our pre-1919 tenement stock has been developed taking into consideration our legal and regulatory obligations. In particular, we are cognisant of the regulatory requirements in relation to SHQS and our duty to notify the Scottish Housing Regulator.

9.2 Our constitution permits the disposal of assets, which disposals must also be consistent with charity law. Legal advice is taken as appropriate to ensure we continue to adhere to this.

10. Risk appetite and assessment

10.1 Our risk appetite for financial or Value for Money (VFM) in relation to investing in existing homes and environments was agreed as ***cautious*** meaning '*Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain homes across the Group. We will revise our well-established investment processes to include more focus on what creates most value for our customers. VFM will be the key factor in our decision-making, but wider benefits…will also be considered*.'

10.2 The disposal of our single pre-1919 tenement flats will reduce our overall risk in managing assets where we have little or no control over the local environment or general condition in such tenements.

10.3 There is a financial risk of delivering this works without the participation of owners. We hold engagement events for all private owners to ensure transparency with each project on works identified and costs.

11. Equalities implications

There are no equalities implications associated with the proposals within this paper.

12. Key issues and conclusions

12.1 The pre-1919 Tenement strategy was intended to provide a clear, defined, and logical process in managing and maintaining our pre-1919 housing stock and set out a plan for the years 2015-2025.

12.2 The Strategy has been key to us delivering 22 successful major building fabric improvements that help maintain Edinburgh's Historic buildings whilst benefitting 360 customers, enhancing our reputation within our communities', private owners and being recognised by Scottish Government.

12.3 We are required to meet our statutory obligations with EESSH and SHQS and key to this is the continuing program of fabric improvements to our pre-1919 stock.

12.4 The pre-1919 stock forms a key component of our stock asset base and will continue to do so.

12.5 Critical and key is the securing of funds to invest in our pre-1919 stock. Within our 5-year business plan we have allocated over £3.585m. We are also planning to apply to the SHNZ fund when it reopens in February 2024.

12.6 Accelerating the disposal of single pre-1919 tenements will reduce our overall risk within these tenements.

13. Recommendations

13.1 The Board is asked to:

1) Note the pre-1919 tenement strategy update.
2) Approve the sale of 6 pre-1919 properties in addition to the 35 properties already identified.

LIST OF APPENDICES
None

Report

To:	**Wheatley Homes East Board**
By:	**Laura Henderson, Managing Director**
Approved by:	**Hazel Young, Group Director of Housing and Property Management**
Subject:	**Performance Report**
Date of Meeting:	**23 November 2023**

1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2023/24 as of the end of quarter two. It also provides sector comparisons for Annual Return on the Charter indicators following the publication of 2022/23 sector wide data by the Scottish Housing Regulator.

2. Authorising and strategic context

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

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") agreed in June 2021. Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review.

2.3 The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2023. This Board subsequently agreed our own specific performance measures and targets at our meeting on 25 May 2023.

3. Background

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

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

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

3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 2 continue to report legacy properties as “WHE A” and former WLHP properties that transferred in August 2022 as “WHE B”. The main body of the report uses combined “WHE C” figures.

4. Discussion

Charter 2022/23 Sector Comparison

4.1 The SHR published sector wide Charter data for 2022/23 on 31 August 2023. A main finding from the accompanying National Report on the Charter for 2022/23[1] is that ‘Social landlords continue to perform well against the standards and outcomes of the Scottish Social Housing Charter, despite the impact of ongoing challenges facing them and their tenants’.

4.2 Appendix 1 provides a matrix of our 2022/23 Charter performance indicator results compared to the Scottish average. We have excluded tenant satisfaction indicators that were last updated 2019/20 and indicators considered as contextual by the SHR.

4.3 Overall, Appendix 1 provides a positive picture of 2022/23 performance for us, with 85% of indicators (17 of 20) better than the Scottish average (highlighted green). Some headlines include:

- SHR reported that gross rent arrears across the sector have risen to the highest level since the introduction of the Charter in 2013/14, with the Scottish average 6.9% in 2022/23 up from 6.3% in 2021/22. We were better than the 2022/23 Scottish average and remain so at Q2;
- The Scottish average for letting times increased from 51.6 days in 2021/22 to 55.6 days in 2022/23. At 18 days in 2022/23 we outperformed this, and our letting times have further improved to 14.27 days for the current year-to-date;
- We outperformed the Scottish average of 4.2 hours to complete emergency repairs and 87.8% for repairs completed right first time in 2022/23. We remain better than the Scottish average for the current year-to-date, at 3.3 hours and 94.59%. There is however room for improvement for our time to complete non-emergency repairs;
- We performed better than the Scottish average of 5.8 days and 19.3 days respectively for the time to respond to Stage 1 and Stage 2 complaints in 2022/23 and continue to do so current year to date; and
- The Scottish average for properties meeting SHQS is 79%, we were better than this in 2022/23 at 99.32% with a consistent high position into 2023/24 for EICR at 99.89% at the end of 2022/23 and this second quarter.

[1] https://www.housingregulator.gov.scot/about-us/news/social-landlords-are-performing-well-despite-the-impact-of-challenges-they-face-regulator-reports

4.4 Our position across the 20 Charter performance indicators considered is summarised as follows:

Table 1

	No. ARC indicators above Scottish average (Green)	% above Scottish average
WHE	17	85%

4.5 These Scottish Average 2022/23 comparisons are referenced through this paper for the relevant Charter indicators, alongside an update to quarter 2.

4.6 The following sections present a summary of key measures and strategic projects. Strategic measures can be found in appendix 2 and Strategic projects are found in Appendix 3.

Delivering Exceptional Customer Experience

Customer First Centre

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

4.8 In addition to the voice channel, the CFC now have a dedicated Digital Team to increase our capacity to handle digital interactions including Webchat, encourage sign-up and improve customer experience, determining whether more efficient and effective use of digital channels reduces telephony demand.

4.9 Since the team was introduced, we have significantly improved the response time to customer emails, online messages and the availability of Webchat. All emails are responded to within 48 hours and first contact resolution for Webchat is at 100%. For all emails received, an advisor in the CFC digital team reviews each of these within 48 hours of receipt with the aim of resolving at this point. Where they are unable to fully resolve the enquiry, they email the customer setting out the steps they are taking and what will happen next. All webchats that have been handled have been resolved at first contact by the advisor on the chat with no need to raise any case for other teams to respond to.

4.10 Year-to-date results as at the end of Quarter 2 including CSAT, Webchat and other performance measures still monitored for the CFC are presented in Table 2:

Table 2

Measure	2023/24		
	Value YTD	Target	Status
WHE - CSAT score (customer satisfaction)	4.2	4.5	
WHE - % calls answered <30 seconds (Grade of Service)	66.35%	Contextual	N/A
WHE - Average waiting time (seconds)	62.32	Contextual	N/A
WHE - Call abandonment rate	5.90%	5%	

Measure	2023/24		
	Value YTD	Target	Status
Group - % first contact resolution at CFC (Customer Service Advisors)	85.49%	90%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	7.57%	<10%	
Group - Email % responded to within 48 hours	100%	100%	
Group - Webchat % first contact resolution	100%	Contextual	N/A

4.11 Our overall CFC CSAT score is 4.2 at the end of quarter 2, a reduction on the score of 4.4 at the end of quarter 1. The CFC has been refining the framework for analysing feedback and implementing initiatives to address any areas that may require improvement, informing progress towards the CSAT target of 4.5/5.

4.12 At the end of the quarter 2, while there has been a decrease in performance for Grade of Service, abandonment and average wait time, over 65% of our customers still wait less than 30 seconds to have their call answered.

4.13 Housemark results in their recent pulse report show that on average RSL contact centres are taking 240 seconds to answer calls. The Group CFC average wait time year to date is at 66.38 seconds, and for our customers very similar at 66.53 seconds. It is important to note that while we can experience an increase in our average wait time during significant weather events such as the recent storms, the Group CFC peak average wait time during Storm Agnes was 88 seconds and during Storm Babet was 139 seconds. These are both still significantly lower than the benchmark but do impact the overall average.

4.14 The Group resolved 85.49% of calls handled at first contact for the year to date, with performance at over 90% for September. In addition, the CFC continue to support Housing and Lowther staff with only 7.57% of customer interactions passed to them for resolution.

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

Complaints Handling

4.16 Our performance on the Charter measure average time for a full response to complaints, at Stage 1 and Stage 2, is achieving our 5 day and 20-day respective targets for all RSLs. We also continue to better the Scottish averages of 5.8 days for Stage 1 and 19.3 days for Stage 2.

Table 3

Charter - average time for a full response to complaints (working days)				
Subsidiary	2022/23		2023/24 – YTD	
	Stage 1 (5 day)	**Stage 2** (20 day)	**Stage 1** (5 day)	**Stage 2** (20 day)
WHE	3.89	18.27	3.77	17.71

4.17 We continue to focus on improving stage 1 performance against the Scottish Public Services Ombudsman ("SPSO") measure % of complaints that were fully closed within the timescale of 5 days, with our performance at 94.21% in Q2, an increase from 91.85% in 2022/23.

4.18 Year to date we closed 60% of complaints that went direct to stage 2 on time, this was 2 complaints in Q1, we have not had any complaints go direct to stage 2 in Q2. 100% of complaints escalated to stage 2 were within the 20-day timescales. A range of work is underway to ensure that timescale performance is improved. This includes earlier reminder triggers and quicker resolution timescales for those complaints that went direct to stage 2.

Table 4

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales – YTD 2023/24			
Subsidiary	**Stage 1 - responded to within 5 working days**	**Stage 2 - responded to within 20 working days**	**Escalated complaints - responded to within 20 working days**
WHE	94.21%	60.00%	100.00%

<u>Tenancy Sustainment</u>

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

4.20 We continue to support our new customers to sustain their tenancies and to deliver strong performance in both the Scottish Housing Regulator's Charter measure and our revised indicator, the revised measure excludes deaths and transfers to other homes in the Group. We continue to exceed target for both these measures and have further improved from quarter one.

4.21 We also compare favourably to the 91.2% Scottish average 2022/23.

Table 5

Tenancy Sustainment	Charter YTD	2023/24 Target	Revised YTD	2023/24 Target
WHE	93.06%	90%	94.58%	91%

Making the Most of Our Homes and Assets

<u>New Build Programme</u>

4.22 Our target is to deliver a total of 204 new homes in 2023/24 (156 social and 48 MMR homes).

4.23 Despite the acceleration of some handovers to the end of 2022/23 impacting on our year to date variance in quarter 1, we have completed 133 homes year to date to the end of quarter 2 which is 21 more than planned by this point in the year. The 133 units were at Penicuik, Raw Holdings, Roslin Phase 1 and 2, Wisp 3C and Wallyford 7.

Table 6

Sites	Handovers (YTD)	Target (YTD)	Difference in handovers to 30 September
The Wisp Phase 3C (Social)	12	35	-23
Roslin Ph 1 (Social)	12	12	0
Roslin Ph 2 (Social)	6	0	6
Roslin Ph 2 (MMR)	14	0	14
Penicuik (Social)	35	35	0
Wallyford Area 7 (Social)	11	15	-4
Wallyford Area 7 (MMR)	15	15	0
Raw Holdings (Social)	28	0	28

4.24 Missives have been concluded at Doctor's Field, Rosewell with Barratt Homes. Golden brick works have commenced on site. Missives for the 12 unit site at St Crispin's in Blackford are nearing conclusion.

4.25 Progress on site across all contracts at West Craigs remains positive. Discussions are underway to identify handover dates for 2024/25.

Volume of Emergency Repairs

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

4.27 While customer demand continues to have an impact on this measure, work is ongoing with the CFC to ensure emergency repairs are diagnosed appropriately. It is useful to also note that complete emergency repairs YTD 2023/24 are 26.43% of all completed repairs (emergency and non-emergency). This is an improvement on 27.61% at the same point last year.

Repairs Timescales

4.28 Our average time taken for emergency repairs is 3.3 hours at the end of Q2, above the 3-hour target. This is a small increase on 3.2 hours at Q1 and 3.13 hours in 2022/23 yet remains better than the Scottish average of 4.2 hours.

4.29 The below table also shows the average time taken for non-emergency repairs at 8.56 days, above this year's target of 7 days. This is an improvement on 8.84 days at Q1 but an increase compared to 6.93 days in 2022/23. Performance in Q2 is now once again better than the 2022/23 Scottish average of 8.7 days, having gone above this in Q1.

Table 7

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
WHE	3.00	3.30	7.0	8.56

4.30 In the context of our repairs policy, we aim to complete non-emergency repair works within 15 working days. These are classed operationally as ‘appointed repairs’ which we expect to be appointed directly to the relevant trade and completed in one visit.

4.31 There are however some repair works that are more complex in nature or require materials to be ordered and which therefore will require longer to complete. The length of time required to complete these more complex appointed repairs will vary depending on the volume and type of work required but generally we would expect to complete these types of repairs within 30 working days under our policy. These repairs are classed operationally as ‘programmed repairs’.

4.32 Analysis of repairs data over recent years, taking account of the Covid period, shows a growth in the proportion of programmed repairs relative to appointed repairs. This therefore impacts the overall average adversely as a greater proportion of jobs require longer to complete.

4.33 Our average time for an appointed repair was 8.26 days in quarter 2, compared to 11.23 days for programmed repairs. This type of differential is also present across the West and South. The combination of the higher volume of repairs and the proportion that are more complex (i.e. that take longer) does mean that our overall average is unlikely to come within target by the year end at RSL or Group level. We do however still expect to see an improvement by the end of the year.

4.34 We have identified that some of the larger, more complex repairs currently being handled as ‘programmed repairs’, could be better dealt with as part of our capital programme or through repair rather than complete replacement. We have instituted a range of measures, including revised training for staff and splitting of the previous “repair/renewal” ordering codes to make clearer where full component replacement should be undertaken and where these works should form part of a managed capital investment programme project.

4.35 We have also streamlined the diagnosis process which should reduce the number of programmed repairs defaulting to an inspection. We expect these measures should support reducing the average time for programmed repairs and towards the end of Q4 have an impact on our overall non-emergency average.

Right First Time

4.36 Right first-time repairs performance year to date to the end of Q2 is meeting the 90% target at 90.67%. However, right first time has reduced from 90.73% at Q1 and from the 94.59% reported last year.

4.37 Timescales to complete non-emergency repairs, in particular overdue repairs, affect the right first-time measure and therefore the actions explained in the above section have potential to support improvement in this measure longer term. Meantime, we remain better than the 2022/23 Scottish average of 88%.

Table 8

Percentage of repairs right first time (Charter)	2022/23	2023/24 YTD	Target	
WHE	94.59%	90.67%	90%	

<u>Repairs Satisfaction</u>

4.38 To the end of September, we are on target at 94.41%. This is an improvement from both Q1 (91.38%) and year end 2022/23 (91.24%). This measure covers a rolling 12-month period and is based on the paper surveys we issue after repairs, returned via white mail, and have generated 179 survey responses in the 12 months to end of Q2.

Table 9

Repairs Satisfaction	Current value	2023/24 Target	
WHE	94.41%	90%	

4.39 2022/23 Charter comparisons show that we have a higher satisfaction than the Scottish average of 88%.

<u>Rate It</u>

4.40 Our 'Book It, Track It, Rate It' app aims to improve visibility and communication during the repair journey. The Rate It element was launched in WHE on the 7 June, providing an opportunity for customer feedback on repair appointments.

4.41 Year to date since launch, the 'Rate It' score is 4.3/5 (from 1,154 customer responses, representing 12.8% of the completed appointed repairs undertaken).

<u>Mould Repairs</u>

4.42 We continue to monitor repairs related to mould, with updates provided to help facilitate greater scrutiny over these types of repairs. The CFC are now raising every job related to damp, mould, condensation or rot as a mould inspection line. The number of mould inspections in September is provided below.

Table 10

Area	Total cases in-month	No mould found	Category		
			3 (mild)	2 (moderate)	1 (severe)
East	64	0	61	3	0

4.43 Our strategic measure is to complete mould repairs in 15 days. 94% of completed mould repairs during September have been completed in 15 days, against a target of 90%.

Table 11

Subsidiary	Number of completed mould repairs	% of mould repairs completed in 15 days – in month, Sept
WHE	49	94%

Medical Adaptations

4.44 Time to complete medical adaptations remains strong at an average of 13.16 days year to date. While this has increased slightly from last quarter, it is well within the 25-day target, is an improvement on 13.98 days for the same quarter last year, is better than in 2022/23 when 14.31 days and remains significantly better than the Scottish average of 46.8 days.

4.45 We have completed 119 adaptations, a reduction compared to 159 to the second quarter last year, and currently have 13 households waiting.

Table 12

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete YTD	Target
WHE	13	119	13.16	25

Gas Safety

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

Compliance

4.47 We have made good progress in the second quarter of the year. All of our relevant properties (45) are compliant with Legionella assessment requirements. We have carried out safety inspections on all our passenger and domestic lifts.

4.48 At the end of Q2, we have reduced to 7 the number of properties without a valid EICR from 10 last quarter. In addition, we are making excellent progress with inspection of the EICRs due to expire before 31st March 2024 with 90.41% complete at the mid-year point.

Peaceful Neighbourhoods

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

4.50 As a result of system improvements at Police Scotland, there has been a change in the way their data is produced and reported for antisocial behaviour incidents. These improvements were implemented in September and impact our “Peaceful Communities” measure due to erroneous reporting, such as domestic abuse being classified as ASB.

4.51 The data from Police Scotland for the “Peaceful Communities” measure has therefore been recalibrated, with domestic abuse incidents removed for the current month, year, and previous year, and missing antisocial behaviour included.

4.52 The table below shows the results for April – August based on both the original and updated figures from Police Scotland. Original figures for September are not available.

Table 13

Month	April	May	June	July	August
Updated figures	76.0%	74.0%	79.0%	75.0%	75.0%
Original figures	70.1%	70.5%	70%	69.3%	66.8%

4.53 This indicates that the percentage of communities classed as Peaceful is higher with the new figures compared to the original figures. Using the updated Police Scotland methodology, the number of communities categorised as Peaceful in September increased slightly to 75.66%, from 75.0% in August.

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

Accidental Dwelling Fires

4.55 As a Group we set a Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26.

4.56 This year we have had 4 accidental dwelling fires to the end of quarter two, an increase on the 2 we had in the same period last year.

Table 14

Number of recorded accidental dwelling fires	2023/24 YTD	2022/23
WHE	4	9

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

Table 15

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

4.58 In addition to HMOs we also undertake fire risk assessments in care premises, workshops & depots, offices and Livingwell sites.

<u>Reducing Homelessness</u>

4.59 We have provided 159 homes to homeless households this year to date. Our % of relevant lets made to homeless applicants to the end of September remains high at 60.25% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).

Table 16

RSL	2023/24 Number of lets to homeless applicants (ARC) - YTD	2022/23 Number of lets to homeless applicants (ARC) – full year
WHE	159	314

4.60 As part of Wheatley Group, we continue to be a key contributor to support homelessness across the sector. This is evidenced by publication of the Charter results for 2022/23 reporting that 9,466 lets were made to homeless applicants by 137 Scottish RSLs; Group's 4 RSLs provided 23.3% (2,207) of this total.

<u>Jobs and Opportunities</u>

4.61 Over 80 children in our households have now been supported through Foundation programmes so far, this financial year. Work will continue in Q3 to work with vulnerable children, providing support where appropriate.

4.62 The Wheatley Works team has supported 122 jobs, training and apprenticeship opportunities within our households in the first half of this financial year. Mentors will continue to work with staff to encourage tenants to take up the jobs and training opportunities available to them.

Table 17

Indicator	Target (YTD)	Current Performance YTD	2022/23
Number of vulnerable children benefiting from targeted Foundation programmes	53	88	654
Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge	30	122	131

Developing our Shared Capability

Sickness Absence

4.63 We are currently above the 3% sickness target at 4.09% year to date. This is however an improvement from the position in Q1 (4.26%).

Table 18

Sickness Rate	Target	2023/24 YTD	2022/23
WHG	3%	4.09%	3.53%

4.64 This can be broken down to, Housing 3.36%, Care 7.89% and Repairs and Investment 3.57%

4.65 Stress/Anxiety was the dominant reason for absence in both July (55% of total absence) and August (40%) with Minor Illness (39%) being the dominant reason for absence in September.

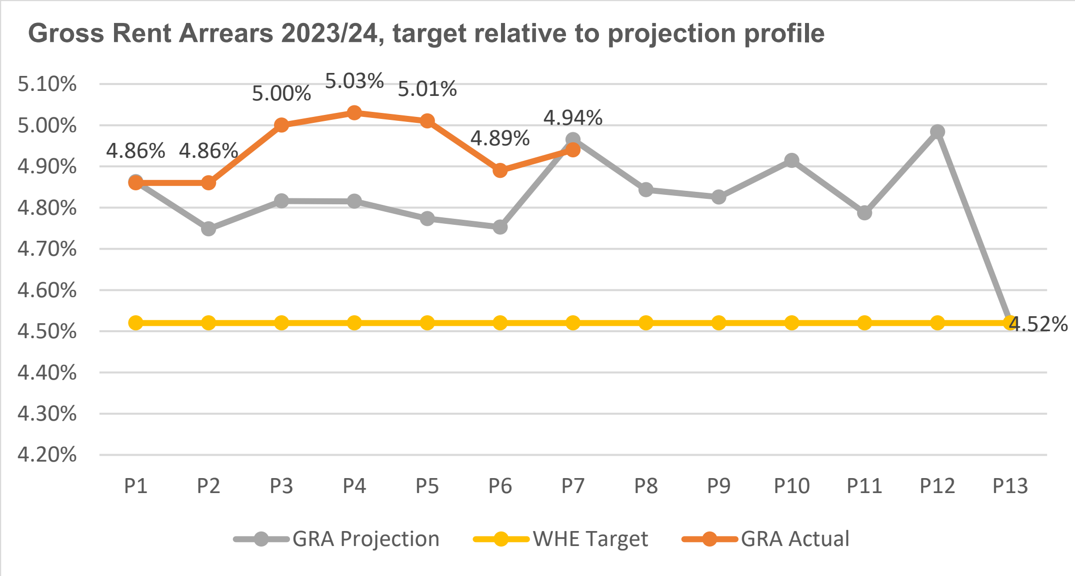
4.66 Ongoing support to help staff employees with a range of issues was provided in Q2 via number of Academy e-learning modules (Stress Awareness, Personal Resilience, Mental Health Awareness).

4.67 Employee Relations and Employee Wellbeing are reviewing trends in sickness absence related to stress and anxiety cases to inform wellbeing training offerings for both managers and staff.

4.68 Training proposals have been sought by different providers to offer greater support to line managers to refresh the Wellbeing culture in their teams. Manager workshops will start before the end of 2023 with wider rollout of sessions in 2024. Staff workshops will also be on offer which will complement the ongoing individual support services for stress and anxiety offered through our EAP and bespoke counselling services.

Gross Rent Arrears

Chart 1



4.69 The SHR's published ARC 2022/23 shows the Scottish average for social landlord Gross Rent Arrears ("GRA") was 6.9%, the highest level since the introduction of the Charter in 2013/14. We continue to outperform this benchmark.

4.70 During the second quarter, our GRA levels improved to 4.94% compared to 5.03% at the end of quarter one. As demonstrated in the arrears tracking chart above, we are also better than where we expected to be at this point of the year. Period 8 performance saw a further reduction in GRA to 4.86%.

4.71 To ensure we meet our year-end target and in order to drive the necessary performance improvements, the immediate focus is on performance management, with targets set down to patch level for each Housing Officer and a focus on key activity metrics that impact the overall GRA performance.

4.72 We have developed an action plan focused around early intervention, escalation and referring to wraparound support services as quickly as possible where required.

4.73 Our staff teams meet regularly to focus specifically on arrears. One to one meetings are taking place to discuss individual cases and patch contributions to performance. The teams all have "protected rents time" where they are together, working on rents, sharing learning and undertaking peer-to-peer work for additional support. Arrears case reviews are being undertaken to identify opportunities for improvement.

4.74 In-person Rent Refresh Thinking Yes Together sessions are taking place in Q3 with all Housing Officers, to reinforce the fundamentals of rent collection, focusing on good case management, good legal case preparation and Universal Credit, a revised Rent Matters toolkit is also being launched at these sessions.

Universal Credit Managed Migration

4.75 The final phases of the Universal Credit roll out, termed Managed Migration by the Department for Work and Pensions (DWP), will move the final tranches of legacy benefit claimants over to UC. This is due to be complete for most claimants by the end of 2024.

4.76 The Move to UC was extended into parts of Scotland in August 2023, with it reaching Edinburgh in September 2023. The roll out of Universal Credit by benefit type will be as follows:

- **2023/24** – Working and/or Child Tax Credits claimants only
- **2024/25** – Tax Credit cases who also receive other DWP benefits; Income Support, Job Seekers Allowance, Housing Benefit
- **2028/29** – Employment Support Allowance claimants

4.77 A robust approach to minimise and mitigate the impact of these changes on our customers and our business has been developed with the overarching aim of ensuring our arrears and tenancy sustainment targets are achieved by effective identification of affected groups and the delivery of targeted support. This will ensure we remain sector leading in our approach.

Rent Campaign 2023

4.78 We launched our annual rent campaign in October, which will support our ongoing work around income collection and mitigation of the impact of Managed Migration. Each year, we undertake our annual rent campaign from October to December, focusing on minimising a traditional spike in arrears around the Christmas period. For the 2023 campaign, we are focusing on a stronger message around rent being priority while maintaining elements of support for those who need it, encouraging customers to get in touch with us.

4.79 Our campaign message of “Pay Your Rent. Keep Your Home” is more robust this year, reminding customers of the importance of prioritising rent payments and ensuring they do so on time. However, the sub-heading of “Get in touch today. We’re here for you 24/7” also reminds customers that we are still here to support and want to help them.

4.80 Key measures of success for our rent campaign will be demonstrated through maximised income over the Christmas period, increased use of wraparound services, an increase in the number of customers contacted over the course of the campaign, more customers signed up for Direct Debit and a reduction in the number of customers in arrears at financial year end. Currently, we have 28.65% of customers in arrears and 2,479 customers paying by Direct Debit.

Average Days to Re-Let (Charter)

4.81 The Scottish average for Charter re-letting times in 2022/23 was 55.6 days. We are significantly better than this at 14.27 days for the current year-to-date.

Table 19

Average days to re-let (Charter)	2023/24 YTD		2022/22 Target	2021/22 Results
WHE	14.27		16	18.00

Summary of Strategic Project Delivery

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

Table 20

Complete	On track	Slippage	Overdue
0	5	0	2

4.83 No projects completed during quarter 2.

4.84 The following projects are currently overdue:

- *Group wide implementation of Roll out Book it, Track it, Rate it* - Data integration is now in place with the WHS platform. The communication flows were activated at the end of October and the Rate It aspect is expected to be activated over the next couple of weeks.
- *Interest cover covenant revision* - Delayed due to external interdependencies, which were highlighted as a contingency when agreeing the project.

5. Customer engagement

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

6. Environmental and sustainability implications

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

7. Digital tranformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board.

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

10. Risk appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 Our 2022/23 results, and position to quarter two, compare very favourable to the confirmed Scottish averages for a number of key Charter indicators such as days to let, arrears and time to complete emergency repairs.

12.2 We have strong performance against our targets for 2023/24 in several key areas: days to let, lets to homeless, tenancy sustainment, new build handovers, and adaptation completion timescales.

12.3 We maintain continued good progress on strategic projects.

13. Recommendations

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

LIST OF APPENDICES

Appendix 1 – Charter 2022/23 Matrix with Scottish Averages
Appendix 2 - Strategic Results Dashboard
Appendix 3 - Strategic Projects Dashboard

	Appendix 1 - Charter 2022/23 Matrix, including Scottish Averages Excludes annual survey results and contextual performance indicators Green - at or better than the Scottish average Amber - within 10% of the Scottish average	Wheatley Homes East	SHR Scottish Average
	Charter Performance Indicator	2022/23 Results	2022/23
03a	Percentage of all complaints responded to in full Stage 1	94.78%	95.3%
03b	Percentage of all complaints responded to in full Stage 2	84.48%	92.5%
04a	Average time in working days for a full response to complaints at Stage 1	3.89	5.8
04b	Average time in working days for a full response to complaints at Stage 2	18.27	19.3
06	Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	99.32%	79.0%
08	Average time to complete emergency repairs (hours)	3.13	4.2
09	Average time to complete non-emergency repairs (working days)	6.93	8.7
10	Percentage of reactive repairs completed right first time	94.59%	87.8%
12	Percentage of tenants satisfied with repairs or maintenance carried out in last 12 months	91.24%	88.0%
14	Percentage of tenancy offers refused during the year	9.57%	30.9%
15	Percentage of anti-social behaviour cases reported in the last year which were resolved	100%	94.2%
16	Percentage of new tenancies sustained for more than a year - overall	91.23%	91.2%
17	Percentage of lettable houses that became vacant	7.37%	7.4%
18	Percentage of rent due lost through properties being empty	1.03%	1.4%
21	Average time to complete approved applications for medical adaptations (calendar days)	14.31	46.8
23a	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	68.23%	37.8%
23b	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let	92.24%	82.5%
26	Rent collected as % of total rent due	98.55%	99.0%
27	Gross rent arrears (%)	4.63%	6.9%
30	Average length of time taken to re-let properties (calendar days)	18.00	55.6

Appendix 2 - WHE Board - Delivery Plan 23/24 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.29	5.36		
Average time for full response to all complaints (working days) - Stage 1	3.89	3.77	5	
Average time for full response to all complaints (working days) - Stage 2	18.27	17.71	20	
% new tenancies sustained for more than a year - overall (ARC)	91.23%	93.06%	90%	
Group - % of first contact resolution at CFC	88.99%	85.49%	90%	
Group - Call abandonment rate	4.72%	5.86%	5%	
Group - Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	6.15%	7.57%	10%	
Group - % calls answered <30 seconds (Grade of Service)	76.79%	66.43%		
Group - Average waiting time (seconds)	57.64	66.38		
WHE - CFC Abandonment Rate	4.21%	5.9%	5%	
WHE - CFC Grade of Service	77.43%	66.35%		
WHE - Average Wait Time	43.76	62.32		

2. Making the Most of Our Homes and Assets

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26 (target -3.34% for 2023/24)	Apr-Sep 22/23 3,831	Apr-Sep 23/24 3,842	0.29%	
Average time taken to complete emergency repairs (hours) – make safe	3.13	3.3	3	
Average time taken to complete non-emergency repairs (working days)	6.93	8.56	7	
% reactive repairs completed right first time	94.59%	90.67%	90%	
Number of gas safety checks not met	0	0	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	91.24%	94.41%	90%	
Average time to complete approved applications for medical adaptations (calendar days)	14.31	13.16	25	
% Planned repair spending	50.12%	41.26%	60%	
% Reactive repair spending	49.88%	58.74%	40%	
New build completions - Social Housing	251	104	97	
[redacted]				
Number of HSE or LA environmental team interventions	0	0	0	
Group - Number of open employee liability claims	13	16		
Group - Number of days lost due to work related accidents	464	234.5		
Number of new employee liability claims received	1	0	0	

3. Changing Lives and Communities

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% ASB resolved	100%	97.74%	98%	
% Lets Homeless Applicants - overall (ARC)	48.6%	50.32%		
% Relevant lets to Homeless Applicants	58.62%	60.25%		
Total number of jobs, training places or apprenticeships created including Wheatley Pledge	131	122	30	
Group - % of Communities Classified as Peaceful in period	69.4%	75.98%	70%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Group - The percentage of non-relevant properties that have a current fire risk assessment in place	100%	100%	100%	
Number of accidental fires in workplace	0	0	0	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	9	4		

4. Developing Our Shared Capacity

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
Sickness Rate	3.53%	4.1%	3%	

5. Enabling Our Ambitions

Measure	2022/23	YTD 2023/24		
	2022	2023		
	Value	Value	Target	Status
% lettable houses that became vacant	7.37%	6.85%	7.3%	
% court actions initiated which resulted in eviction - overall	26.32%	100%		
Average time to re-let properties	18	14.27	16	
WHE C - Gross rent arrears (all tenants) as a % of rent due	4.64%	4.94%	4.52%	
WHE A - Gross rent arrears (all tenants) as a % of rent due	4.64%	4.81%		
WHE B - Gross rent arrears (all tenants) as a % of rent due	4.64%	5.96%		

Appendix 3 - WHE Board - Delivery Plan 23/24 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Repairs technical enhancement programme (b)	31-Mar-2024		40%	01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability	30-Sep-2023	Yes	date of mid-November has been agreed for the implementation start of JV Boxi, following engagement with Civica and CBG IT on project delivery dates. The CBG DRS upgrade has been delayed due to capacity constraints with the vendors supply chain.
				02. CBG IT integration – Boxi reporting system implementation	31-Oct-2023	No	
				03. WHS DRS upgrade	31-Oct-2023	Yes	
				04. CBG DRS upgrade	31-Oct-2023	No	
				05. Servitor and DRS fully implemented in WHE	31-Mar-2024	No	
Group wide implementation of Roll out Book it, Track it, Rate it (b)	31-Aug-2023		66%	01. Pilot commencement in Wheatley Homes East	30-Apr-2023	Yes	Data integration is now in place with WHS platform. Given the success in the East and West it is intended we go live immediately in the South without the need for a pilot.
				02. Pilot finalised in with City Building delivered repairs	31-May-2023	Yes	
				03. Pilot commencement in Wheatley Homes South	31-May-2023	No	
				04. Pilot evaluation, including customer feedback, and agreement to go live - City Building	30-Jun-2023	Yes	
				05. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes East	31-Jul-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				06. Pilot evaluation, including customer feedback, and agreement to go live - Wheatley Homes South	31-Aug-2023	No	
My Voice – real time customer feedback reporting (b)	31-Mar-2024		60%	01. MY Voice CFC pilot concluded	30-Apr-2023	Yes	Allocations pillar launched in August, surveying customers who moved into their home in September. NETs pillar has also been launched; surveying customers who had Ad-Hoc requests completed in September. Preparations are underway for a November launch of the repairs and ASB pillars.
				02. CFC customer insight operational framework implemented	31-May-2023	Yes	
				03. Implementation plan for key service pillars developed and approved by ET	31-May-2023	Yes	
				04. On-board key service pillars to MY Voice customer insight platform	30-Nov-2023	No	
				05. Implement operational frameworks	31-Mar-2024	No	
Migration to new cloud telephony platform (b)	31-Mar-2024		60%	01. Group Board approval of contract award	30-Apr-2023	Yes	IT Helpdesk went live with STORM at the start of October. We have now gone live for Wheatley Homes South ahead of schedule.
				02. Vendor Contract Award	31-May-2023	Yes	
				03. Full project delivery plan developed and commenced	31-Jul-2023	Yes	
				04. Phase 1 launch	31-Dec-2023	No	
				05. Phase 2 launch	31-Mar-2024	No	
Implement Group sustainability framework (b)	31-Dec-2023		80%	01. Sustainability delivery workshop with nominated group leads	30-Apr-2023	Yes	Update on sustainability provided to all group partner Boards and Group Board at their last meeting.
				02. Refine sustainability performance monitoring framework	31-May-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Develop sustainability delivery plan	30-Jun-2023	Yes	
				04. Quarterly sustainability updates to ET	30-Jun-2023	Yes	
				05. Annual sustainability progress report via PNAG to Group Board	31-Dec-2023	No	
Develop a new, integrated Neighbourhood Planning Approach (b)	28-Feb-2024		83%	01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit	31-May-2023	Yes	On 15/09/2023 WHG Board approved approach to neighbourhood for WHG. Five of the Six milestones now complete. Project on track.
				02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment	30-Jun-2023	Yes	
				03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG	31-Jul-2023	Yes	
				04. Based on the neighbourhood assessment, propose an example neighbourhood plan	30-Sep-2023	Yes	
				05. Provide worked example to WHG Board to review and agree as a model going forward	30-Sep-2023	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				06. Draft Neighbourhood approach for wider group to RSL Boards	28-Feb-2024	No	
[redacted]							

Report

To: **Wheatley Homes East Board**

By: **Stephen Wright, Director of Governance**

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

Subject: **Governance update**

Date of Meeting: **23 November 2023**

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1. Purpose

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

- Board Appraisal process and succession plan; and
- Scottish Housing Regulator ("SHR") consultation on its Regulatory Framework.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for agreeing the overall Governance Framework for the Group including approval of any related frameworks, policies and plans.

2.2 Under our Terms of Reference, our Board is responsible for:

- overseeing the implementation of relevant Group frameworks, policies and plans;
- undertaking an annual Board self-assessment based on the approach agreed by the Group Remuneration, Appointments, Appraisal and Governance Committee (RAAG); and
- not less than annually, reviewing and approving our succession plan.

2.3 The SHR is our primary regulator and the framework under which the SHR does this helps to define the parameters for how we are governed.

3. Background

3.1 Our Group Board and Committee Effectiveness Review and Governing Body Member Individual Appraisal Policy sets out how we shall keep the effectiveness of Boards, Committees and the governing body members under review.

3.2 Our succession planning arrangements are developed in line with the Group succession planning process. This sets the parameters under which our succession plan has been developed including the core skills and experience each member contributes to the Board, in line with the agreed skills matrix and our expected future recruitment requirements.

3.3 Following Group Board consideration of a discussion paper issued by the SHR in June 2023, the SHR has now issued its consultation on the regulation of social housing in Scotland. A summary of the consultation and the response agreed by the Group Board is set out below.

4. Discussion

<u>Annual Board Appraisal Process</u>

4.1 Our appraisal process gives each Board member the opportunity to reflect on their role and contribution to the operation of the Board over the year. The Chair undertook the Board Member annual appraisal process during October 2023. All Board Members participated in this process. The focus of the process is a two-way flow of communication between the Chair and Board member.

4.2 The appraisal discussion focused on the following areas:

- Board effectiveness;
- Personal effectiveness;
- individual skills and succession planning;
- Continuous Professional Development (“CPD”); and
- Areas for refinement

4.3 The key outcomes of those discussions have informed the update to our Board 3-year Succession Plan.

Board effectiveness

4.4 All Board members considered that the Board has been effective during the year. In particular, Board members felt that there was a good range of complementary skills and experience on the Board. Board members welcomed the inclusiveness of the Board and that each Board member was given the opportunity to contribute to discussion.

Personal effectiveness

4.5 The Chair agreed that all Board members had made a good contribution during the year and welcomed their continued effectiveness.

Individual skills; succession planning

4.6 Similar to the first two areas, Board members acknowledged their own skills and experience as well as those of their colleagues. Each Board member confirmed that they wish to remain on the Board in line with our succession planning assumptions. This is reflected in our succession plan at Appendix 1, which has also been updated to reflect Martin Dorby’s appointment. The succession plan also identifies that there is one planned retirement for September 2024 so we will take steps to recruit a new Board member in advance of that time.

CPD

4.7 Board members noted the proposal to reintroduce our CPD programme, taking into account feedback from this round of appraisals. It was suggested that some evening events would be helpful for those who work during the day. There was also an appetite for sector-wide updates around housing, regulation and strategy.

Areas for refinement

4.8 Board members were pleased with the overall effectiveness. Some Board members suggested that consideration be given to structuring discussion and decision items towards the top of the agenda and that it would be helpful to highlight items for discussion, decision and noting in advance.

Scottish Housing Regulator - consultation

4.9 Following its discussion paper in June 2023 the SHR has now issued its consultation on the regulation of social housing in Scotland. This includes specific updates to the Regulatory Framework and associated Statutory Guidance. The proposed changes reflect the future priorities set out by the SHR in its initial discussion paper, which will focus on ensuring RSLs:

- Listen and respond effectively to tenants and service users;
- Provide good quality and safe homes;
- Keep homes as affordable as possible; and
- Do all they can to reduce the number of people who are experiencing homelessness.

4.10 A copy of the consultation, including a track-changed copy of the Regulatory Framework, is attached at Appendix 2.

4.11 We have reviewed the consultation documents and agree that the SHR's proposed priority areas reflect the areas we already consider to be priorities and which we had taken steps to further refine during the past year.

4.12 A more detailed update on the key elements of the consultation and proposed changes are set out below. In addition, a copy of the response approved by the Group Board is attached at appendix 3. The consultation response reflects that the proposed changes are largely incremental and also serve to increase clarity.

Annual Assurance Statement (AAS)

4.13 The SHR intends to add a provision to the Statutory Guidance enabling it to require landlords to include explicit assurance on specific issues, from time to time. This allows the AAS process to respond to emerging topics, such as damp and mould. This formalises what has already been a recent practice from the SHR.

Annual Return on Charter (ARC)

4.14 The SHR initially set out in its discussion paper plans to introduce new indicators on tenants and resident safety as well as specific measures in relation to damp and mould. It is now proposing to undertake a comprehensive review of the Annual Return on the Charter ("ARC") which would in turn capture any new indicators for tenant and resident safety and damp and mould. It would also allow the Scottish Government EESSH Review Group to conclude its work.

4.15 It is intended that a working group be established with a view to a revised set of ARC indicators being issued for consultation in 2024/25 with a view to taking effect from 2025/26. We propose to support the approach, which will allow sufficient time for the measures to be well-defined and the necessary arrangements for data collection and validation to be completed. We will seek to participate in any cross-sector working Group which is established.

Regulatory requirements

4.16 The SHR has always had a strong focus on ensuring that landlords listen to tenants and service users. One of the proposed enhancements to the Regulatory Framework is to include a specific requirement for landlords to ensure tenants, residents and service users have an easy and effective way to provide feedback and raise concerns. This should also allow the RSL to provide quick and effective responses.

4.17 We already have a very strong range of mechanisms in place which would evidence our compliance with such a requirement. Our strong focus on our engagement framework and Customer Voices programme together with real-time feedback tools such as Book it, Track it, Rate and My Voice affirm that this is an area we have a strong focus on.

4.18 Our approach to customer contact, which includes a multi-channel offering of telephone, email, webform and direct meetings with housing officers. The SHR's proposed additional emphasis on listening to and responding to tenants is consistent with our own.

Regulatory Status

4.19 The SHR proposes retaining the three-category approach but making the language more direct to confirm 'working towards compliance' is a non-compliant status. We are, and will remain, in the compliant category and therefore will not be impacted by this change. There is no change proposed to the compliant category.

Significant Performance Failures

4.20 The SHR is also consulting on updating the framework to make clear how tenants should raise concerns about their landlord. We have an open and well-publicised complaints process and our experience is that the vast majority of customers use this process to raise concerns.

4.21 However, we do agree that there is an opportunity for the SHR to improve clarity and it does seek to do this. This includes clearly defining the criteria by which the SHR will consider an issue, in particular that it must impact a group of tenants, and a clear statement about the routes for tenants which should be through their landlord's process and then SPSO, rather than direct to the SHR. This will ensure that landlords will always have the opportunity to respond to and address any issues before escalation to the SPSO or the SHR.

Statutory Guidance

4.22 As part of its review of the Regulatory Framework, the SHR is also consulting on updates to its Statutory Guidance. A number of changes are being made to the guidance on group structures. The changes are being made to reflect the SHR's experience with the development of more complex governance structures and the SHR is seeking to reinforce the principle of ensuring that group structures comply with the regulatory standards, for example in relation to delivering benefits for tenants and financial viability.

4.23 We keep our Group structure under review and have taken decisions to consolidate this where we can. In addition, our governance arrangements are clear and have been developed with input from our legal and our governance advisors. As such, we have clear lines of responsibility and accountability as set out in the respective constitutions and through our Group Standing Orders which were updated last year.

Consultation response

4.24 A draft response to the consultation is set out in Appendix 2. It is proposed that we affirm our support for the changes, which are largely incremental and focused on providing additional clarity.

5. Customer engagement

5.1 As a governance related matter there are no customer engagement implications associated with this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 There are not digital transformation implications arising from this report.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator's (SHR's) Regulatory Framework includes Regulatory Standards of Governance and Financial Management ("the Standards") which RSLs are required to comply with.

9.2 Under this Framework, the Board has a regulatory duty to have in place a formal succession plan and an annual performance review process for governing body members.

9.3 The proposals in the report seek to support us in our compliance with this regulatory standard.

10. Risk appetite and assessment

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

10.2 Our approach to board effectiveness helps us to ensure that our skills and experience mix, individual performance and succession plans are reviewed annually as well as informing our Board Member continuous professional development.

10.3 The proposals set out in the report seek to support us in assessing risk that could impact on our compliance with the SHR's Standards of Governance and Financial Management.

11. Equalities implications

11.1 The diversity of the Board is a consideration in succession planning and in turn Board recruitment.

12. Key issues and conclusions

12.1 Our appraisal process allows each Board member, including our Chairs, the opportunity to reflect on their role and contribution to the wider operation of the Board over the year.

12.2 Our 3-year Board succession plan provides assurance that the Board can continue to function within the composition requirements of the Board as outlined in our Rules.

12.3 We are supportive of the SHR's proposed changes and consider that these will enhance the Regulatory Framework for the benefit of the sector.

13. Recommendations

13.1 The Board is asked to:
1) note the outcome of our Board appraisal process;
2) approve the updated succession plan; and
3) note the Group response to the SHR consultation

LIST OF APPENDICIES:

Appendix 1: WHE Board 3-year Succession Plan 2023-2026
Appendix 2: [redacted] available here
Appendix 3: [redacted] available here

Board 3-year Succession Plan

Better homes, better lives

1. Introduction

The Board is committed to succession planning as part of its overall approach to effective governance.

We recognise the importance of succession planning in having an effective Board, which has the appropriate balance of skills and experience. Succession planning plays a key role in achieving an appropriate level of renewal and refreshment on the Board, supporting the Board maintaining and developing the skills and experience it needs to discharge its duties and protect the interests of tenants.

The Board also has a regulatory duty, under the Scottish Housing Regulator's Regulatory Framework, to have a formal succession plan in place.

2. Background and context

Our succession planning arrangements are developed in line with the Group Recruitment and Succession Planning process. The procedure sets the parameters under which our succession plan has been developed, in particular the core requirements of the succession plan in relation to:

- maintaining an up to date record of directors & office holders length of service and retiral due dates;
- details of the core skills and experience each member contributes to the Board, in line with the agreed skills matrix; and
- having an understanding of expected future recruitment requirements.

All appointments and reappointments assumed in the plan are subject to:

- tenure restrictions in place from time to time; and
- the requirements of our Rules, including Parent rights with regards to appointment.

3. Current Board tenure and skills

The current tenure stages of each Board member, projected retirement dates and details of the core skills and experience they bring (relative to our agreed skills matrix) are set out below.

Any reappointments beyond the span of this plan will be subject to previous tenure restrictions and Parent reapproval.

Board member	Core skills and experience	9 Years	3 year position
Alastair Murray (Chair)	▪ Accountancy and audit, knowledge of relevant statutory requirements ▪ Financial and treasury management, funding structures ▪ Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other	2026*	2026
Helen Howden (Vice Chair)	▪ Legal and governance ▪ Working as one of a Board team to make good and timely decisions ▪ General commercial business, financial & management skills	2024	2024
Ruth Kynoch	▪ Accountancy and audit, knowledge of relevant statutory requirements ▪ Financial and treasury management, funding structures ▪ Project appraisal, management and financial modelling	2025*	2025
Anne McGovern (Tenant)	▪ Governance and working as one of a Board team to make good and timely decisions ▪ Knowledge of the areas, clients, tenants and communities served ▪ Working with local authorities, or other government and statutory bodies	2026	2026
Jack Cadell	▪ Funding, planning and development for housing and regeneration ▪ Property, asset management, development, regeneration, surveying etc. ▪ Strategic asset management	2027	2026
Mark Keane (tenant)	▪ Knowledge of the areas, clients, tenants and communities served ▪ Accountancy and audit, knowledge of relevant statutory requirements ▪ Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other	2028	2026
Jane Menzies (tenant)	▪ Knowledge of the areas, clients, tenants and communities served ▪ Governance and working as one of a Board team to make good and timely decisions	2029	2026
Judith MacGlashan (independent candidate)	▪ Knowledge of the areas, clients, tenants and communities served ▪ Knowledge of other relevant sectors – health, charities, social enterprise, education, policing, or other ▪ Customer and community engagement	2027*	2026
Heather Macnaughton	▪ Housing management and maintenance of social housing ▪ Regeneration ▪ Accountancy and audit, knowledge of relevant statutory requirements ▪ Organisational strategy and policy development	2027*	2026

Martin Dorby	▪ Strategic asset management ▪ Senior leadership	2032	2026

*cumulative across Group

4. Succession Plan 2023-2025

The Annual General Meetings are the key stages in the plan, marking where directors will ordinarily retire and any new members will ordinarily be appointed. Planned retirements and appointments for the next 3 AGMs will be as follows:

<u>2024</u>

Helen Howden is due to retire having reached the maximum service of 9 years. A recruitment exercise will commence to identify an independent member.

<u>2025</u>

Ruth Kynoch is due to retire having reached the maximum service of 9 years. A recruitment exercise will commence to identify an independent member.

<u>2026</u>

Alastair Murray and Anne McGovern are due to retire having reached the maximum service of 9 years. We will initiate recruitment for a new Chair in advance of Alastair's retirement.

5. Review

The succession plan shall be subject to annual refreshment as part of the Board Appraisal Process.

Wheatley Homes East

Report

To: Wheatley Homes East Board

By: Stuart Darroch, Director of Communications and Marketing

Approved by: Graham Isdale, Group Director of Corporate Affairs

Subject: Group Social Media Policy

Date of meeting: 23 November 2023

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1. Purpose

1.1 To update the Board on the updated Group Social Media Policy, approved by the Group Board on 27 September 2023.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for the approval of Group policies and frameworks. This policy applies to all staff and Board members.

2.2 Customer engagement and digital innovation are key themes in our 2021-2026 strategy; the use of social media is an enabler of this.

3. Background

3.1 The Group Social Media Policy was last reviewed in late 2017. Since then, the use of social media worldwide has expanded, including for business use. The launch of our 2021-2026 strategy 'Your Home, Your Community, Your Future' sets out our digital ambitions and a renewed focus on driving engagement through new digital channels.

3.2 Across the Group, we have 16 social media accounts including Facebook, Twitter, Instagram and LinkedIn; we also have almost 55,000 followers. For us specifically, a total of 62,108 people used the Wheatley Homes East website over the 2022/23 year and the number of our followers increased by 315. The growth in smartphone use and of new channels such as TikTok means it is increasingly important that we have a policy in place to safeguard the organisation by identifying who is permitted to represent us online and provide guidance to those who have their own personal social networking accounts.

3.3 The policy has also been updated to include staff using W.E. Connect, our internal staff intranet site. As an internal policy, the draft reviewed policy was shared with our Trade Union partners and includes their feedback.

3.4 The updated policy was considered by the RAAG Committee at its meeting on 22 June 2023, which agreed to recommend the policy for adoption by the Group Board. The Group Board considered and approved this on 27 September 2023.

4. Discussion

4.1 Social media is the broad term used for online platforms that enable users to communicate instantly with each other through sharing information, opinions, knowledge and interests. We recognise our social media presence is valuable in engaging with customers and other stakeholders.

4.2 For social media to be effective, it is vital it is used as part of our communications to provide up-to-date information about us, our subsidiaries, our communities, the services we provide and our engagement activities.

4.3 However, we need to ensure our use of social media channels does not expose us to security risk or reputational damage. This policy and appended staff guidance (Appendix 1 to the policy) sets out how we will manage and regulate our use of social media.

4.4 The updated policy reflects changes and growth in social media channels, including the launch of popular sites such as TikTok and includes a new Appendix (Appendix 2 to the policy: guidelines for using our social media sites). This sets out the guidelines users should adhere to when engaging with us on our social media channels. We also publish ‘house rules’ on our sites.

4.5 The revised policy applies to all staff, Board Members and other workers, including placements, agency workers, secondees and any other contractors. For Board members, the key issue is that they should not purport to communicate on behalf of the Group or Wheatley Homes East in their social media activity.

4.6 We have published the updated policy on our websites and internal Policy Hub and are developing a high-profile launch of the policy to all staff across the Group through:

- video material for staff;
- use of TalkTogether and manager briefings;
- refresh and promotion of focused e-learning, under MyCompliance on our staff learning platform; and
- and internal communications to raise awareness including through a blog.

5. Customer engagement

5.1 As an internal policy, there has been no customer engagement in relation to this review.

5.2 Social media is an opportunity for us to connect with communities, gather feedback and engage in two-way conversations. It can empower residents to have a voice about their needs and influence decision-making, building trust and stronger communities.

5.3 We also use social media to promote engagement opportunities to customers as well as consultations or campaigns, such as the fire safety campaign. Social media is an effective way of relaying important information quickly to customers for example, if we were to have a disruption to services.

5.4 Last year, we posted 6006 updates across Group our social media channels throughout the year; 4,892,287 people/accounts saw the updates – up by 1.7 million from 2021. For us specifically over the last year, we have had 716 social media posts with a reach of 233,479 and 1148 messages/comments received.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 A key focus in our 'Your Home, Your Community, Your Future' strategy up to 2026 is our Digital Transformation programme around our approach to engagement. Our strategy specifies that engagement will increasingly be digital and online, broadening our reach and providing customers with ease of access at a time and in a way that suits them.

7.2 Social media plays an increasingly important role in how we engage with customers and stakeholders. In the calendar year 2022, we received 10,320 messages on our Group social media channels. This figure includes people who sent us a direct message, commented on our posts and tagged us. We received 107 enquiries from customers on Wheatley Homes East social media.

7.3 On the staff intranet site, W.E. Connect, in 2022 there were 285,458 page views with high levels of engagement: 4979 likes and 1594 comments on stories and content pages.

8. Financial and value for money implications

8.1 There are no financial implications associated with the updated policy.

9. Legal, regulatory and charitable implications

9.1 Anyone who uses social media and holds, shares, refers to or uses, for example processes personal information, must comply with the Data Protection Act 2018.

10. Risk appetite and assessment

10.1 The policy outlines the risks associated with online activity and how we mitigate this through our approach to social media use. The improper use of social media by staff or Board members could lead to reputational or credibility damage to the Group. Our risk appetite towards this is 'minimal' which is defined as *'tolerance for risk taking limited to those events where there is no chance of significant repercussion'.*

10.2 Communication of the reviewed Group Social Media Policy and appended guidelines, as well as the mandatory social media awareness e-learning course, helps mitigate this risk by ensuring staff are clear on how they should interact on social media. This policy is included in induction for new employees, and the training on our employee learning platform MyAcademy. Board members will have access to this policy through the AdminControl reading rooms.

11. Equalities implications

11.1 A key focus of our equality, diversity and inclusion (EDI) goals is diversifying our engagement. Social media offers an alternative, flexible form of communication with customers in which we can use various methods to suit different needs such as audio, subtitled video and imagery.

11.2 We are always considerate of EDI in our communications, imagery and branding. We can use social media to raise awareness in terms of equalities, for example through promoting celebration or awareness days to celebrate our diverse communities. We also use social media to promote our services such as our wraparound support.

11.3 Social media helps us reach a wide demographic audience, and in particular can be a useful tool to communicate with our younger customer groups. However, we understand many customers may not use social media or their first language may not be English, so it is important we retain varied, accessible communication and engagement, including face-to-face and translation/interpretation services, to ensure no-one is left behind.

12. Key issues and conclusions

12.1 This policy has been updated to reflect our new channels, larger social media presence, increase in followers, higher levels of customer engagement and reflect the importance placed on digital communications in the current five-year strategy.

13. Recommendations

13.1 The Board is asked to note the updated Group Social Media Policy as approved by the Group Board.

LIST OF APPENDICES:

Appendix 1: [redacted] available here

Report

To: **Wheatley Homes East Board**

By: **Lyndsay Brown, Director of Financial Reporting**

Approved by: **Pauline Turnock, Group Director of Finance**

Subject: **Finance Report to 30 September 2023**

Date of Meeting: **23 November 2023**

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1. Purpose

1.1 The purpose of this paper is to:

- Provide an overview of the financial results for the period to 30 September 2023 and the Q2 forecast. Seek approval for amendments to our WFL1 loan arrangements; and
- Seek approval for amendments to our WFL1 loan arrangements.

2. Authorising and strategic context

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

2.2 Under the Group Standing Orders and the Terms of Reference contained therein, the Board is required to approve loan agreements, covenant returns and granting of security. Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure we have the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

3. Background - Financial performance to 30 September 2023

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

	Year to Date (Period 6)		
£000	**Actual**	**Budget**	**Variance**
Turnover	30,497	29,134	1,363
Operating expenditure	(16,796)	(16,994)	198
Operating surplus	**13,701**	**12,140**	**1,561**
Operating margin	*45%*	*42%*	*3%*
Net interest payable	(4,111)	(4,128)	17
Surplus	**9,590**	**8,012**	**1,578**
Net Capital Expenditure	**9,669**	**16,149**	**6,480**

4. Discussion

4.1 Period to 30 September 2023

A statutory surplus of £9,590k for the period to 30 September 2023 is reported, which is £1,578k favourable to budget. The main driver of the variance is higher new build grant income recognised in the year.

The key points to note:

4.2 Within income, grant income recognised is £1,507k favourable to budget linked to the timing of handovers including the earlier completion of new build properties at Raw Holdings.

4.3 Across expenditure, all budget lines are reporting favourable variances to budget with the exception of staff cost which includes addition costs incurred at the Harbour and older persons accommodation. Demand for revenue repairs is being managed within the budget line with responsive repairs spend £225k higher than budget reflecting an increase of 4.5% in demand for repairs compared to last year and material price increases. This has been offset by cyclical maintenance which is £375k favourable, following a reprofiling of the planned works.

4.4 Net capital expenditure is £9,669k for the period, being £6,480k lower than budget. The capital investment programme spend is £165k favourable to budget due to reprofiling of SHNZ and core programme works. New build spend is £12,611k under budget, due to reduced spend relating to the timing of golden brick payments, delayed site starts and contractor delays. There is also compensating reduced grant income of £6,442k.

4.5 Q2 - 2023/24 Full Year Forecast

The Q2 2023/24 Full Year Forecast is summarised below.

	Q2 Full Year Forecast		
£000	**Budget**	**Forecast**	**Variance**
Turnover	62,129	59,896	(2,233)
Operating expenditure	(35,014)	(34,873)	141
Operating surplus	**27,115**	**25,023**	**(2,092)**
Operating margin	*44%*	*42%*	*(2%)*
Net interest payable	(8,683)	(8,684)	(1)
Surplus	**18,432**	**16,339**	**(2,093)**
Net Capital Expenditure	**48,683**	**31,188**	**17,495**

The forecast reports a statutory surplus of £16,339k for the year to March 2024, which is £2,093k unfavourable to budget. As detailed in section 8.2 the underlying forecast surplus is £19k favourable to budget.

The key points to note:

4.6 Gross rental income is forecast to be £26k favourable to budget, arising from early completions at Raw Holdings and the Wisp. New build grant income recognised is forecast to be £505k unfavourable to budget reflecting the earlier completion of those sites in late 2022/23. Other grant income and other income are £398k and £1,356k unfavourable to budget respectively, due to a reduction in forecast SHNZ grant income and the internal allocation of Wheatley Developments Scotland gift aid.

4.7 Total forecast expenditure is expected to be £141k lower than budget, reflecting the continuation of savings in running costs and the management of revenue repairs expenditure within budget. The £182k favourable repairs variance includes full year cyclical repairs savings, due to the reprofiling of the cyclical programme, fully offsetting the unfavourable variance on responsive repairs.

4.8 Forecast net capital expenditure of £31,188k is £17,495k lower than budget. New build expenditure is forecast to be £24,663k lower than budget, due to reprofiled development spend with the larger sites at Wallyford 5, Sibbalds Brae, Deans South and West Craigs driving the variance. Grant income is £7,546k lower than budget with new build grant income and SHNZ grant income forecast to be lower than budget in line with reduced levels of spend.

4.9 Core programme works are forecast to be £272k lower than budget reflecting the timing of delivery of the SHNZ grant funded project. Additional spend in capitalised repairs and voids is managed broadly within the overall core investment spend.

Funding Update

4.10 We have been in discussions with our funders to make some amendments to our lending arrangements. [redacted]

4.11 This change will provide us with more flexibility around the planning of our investment programme. In line with our existing approach to covenant compliance and financial planning, we will continue to operate prudently and work within our financial golden rules which provide an agreed level of financial headroom above the minimum covenant level.

4.12 We are working with funders to finalise these changes; the majority have already confirmed with the final funder consent due by Christmas 2023. A draft Board minute for approval by the respective members of the WFL1 Borrower Group, of which Wheatley Homes East is one, is provided at Appendix 2. Updated final drafts of loan agreements can be found on Admincontrol and these have been reviewed by our legal advisors Pinsent Mason. The Group Board and WFL1 Board have approved these changes and this Board is asked to approve a delegation of authority to any WFL1 director to agree the final form of the lender documentation on our behalf.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 The statutory surplus for the period to 30 September is £1,578k favourable to budget. After adjusting the net operating surplus for new build grant income, depreciation and capital expenditure in our properties, the underlying results for the period to 30 September were £236k favourable to budget, demonstrating strong financial performance in core operations.

8.2 The forecast underlying statutory surplus for the year to 31 March 2024 after adjusting for new build grant income and group gift aid, depreciation and capital expenditure in our properties, is £19k favourable to budget. The variance reflects lower levels of other grant income offset, expenditure and core programme spend.

8.3 Within the context of the RSL borrower group, financial performance is being managed within the overall budget parameters and covenants and golden rule headroom continue to be met.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

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

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 30 September 2023 and Q2 forecast for 2023/24.

13. Recommendations

13.1 The Board is requested to:

1) Note the Finance Report for the period ended 30 September 2023 and Q2 forecast at Appendix 1:
2) Approve the amendments to the borrowing arrangements through the approval of the formal legal minute appended to this report: and
3) Approve delegation of authority to any WFL1 director to make non-material changes and to agree the final form of the lender documentation on behalf of Wheatley Homes East.

LIST OF APPENDICES:

Appendix 1: Period 6 – 30 September 2023 Finance Report with Q2 full year 2023/24 forecast
Appendix 2: [redacted]

Period to 30 September 2023
Finance Report

2) Operating Statement – Period to 30 September 2023

Wheatley Homes East

	Period to 30 September 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	19,062	19,016	45	38,215
Void Losses	(301)	(237)	(64)	(475)
Net Rental Income	**18,761**	**18,779**	**(18)**	**37,740**
Grant Income Recognised in the Year	9,692	8,185	1,507	15,847
Other Grant Income	411	503	(92)	1,348
Other Income	1,633	1,667	(34)	7,194
TOTAL INCOME	**30,497**	**29,134**	**1,363**	**62,129**
EXPENDITURE				
Employee Costs - Direct	2,311	2,251	(60)	4,491
Employee Costs - Group Services	1,453	1,489	36	2,978
ER/VR	0	0	0	540
Direct Running Costs	2,124	2,170	46	4,221
Running Costs - Group Services	772	793	21	1,585
Revenue Repairs and Maintenance	3,268	3,418	150	7,164
Bad Debts	196	201	5	404
Depreciation	6,672	6,672	0	13,631
TOTAL EXPENDITURE	**16,796**	**16,994**	**198**	**35,014**
NET OPERATING SURPLUS / (DEFICIT)	**13,701**	**12,140**	**1,561**	**27,115**
Net Operating Margin	*45%*	*42%*	*3%*	*44%*
Interest receivable	17	6	11	13
Interest payable	(4,128)	(4,134)	6	(8,696)
STATUTORY SURPLUS / (DEFICIT)	**9,590**	**8,012**	**1,578**	**18,432**

	Period to 30 September 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**24,710**	**31,152**	**(6,442)**	**53,717**
Total Expenditure on Core Programme	3,862	4,027	165	7,079
New Build & Other Investment	30,141	42,752	12,611	94,278
Other Capital Expenditure	376	522	146	1,043
TOTAL CAPITAL EXPENDITURE	**34,379**	**47,301**	**12,922**	**102,400**
NET CAPITAL EXPENDITURE	**9,669**	**16,149**	**6,480**	**48,683**

Key highlights year to date:

Net operating surplus of £13,701k is £1,561k favourable to budget. Statutory surplus for the period to 30 September is £9,590k, £1,578k favourable to budget.

Total income of £30,497k is £1,363k favourable to budget:

- Gross rent is £45k favourable to budget with higher than budgeted service charge YTD. Void losses are £64k unfavourable to budget, representing 1.58% vs a budget of 1.25%. This is mainly due to reduced demand at sheltered sites, fire safety works at the Harbour and turnover of rooms at the Harbour.
- Grant income recognised is £1,507k favourable to budget with the timing of handovers compared to the budgeted programme including accelerated completions at Raw Holdings contributing to the variance. £9,692k of grant income recognised relates to 104 SR and 29 MMR units.
- Other grant income of £411k consists of grants recognised for medical adaptations, Scottish Housing Net Zero (SHNZ) and for the Harbour. The variance relates to a reduction in SHNZ income due to reprofiling of works to be carried out impacting the level of grant to be claimed.

Total expenditure is £198k favourable to budget:

- Total employee costs are £24k unfavourable to budget. Direct employee costs are £60k unfavourable to budget, due to overtime and agency staff costs at the Harbour and the Retirement complexes managed by Wheatley Care.
- Total running costs are £67k favourable to budget with both direct running costs £46k favourable due to underspend across a number of expenditure lines and group running costs £21k favourable.
- Revenue repairs and maintenance spend is £150k favourable to budget with responsive repairs spend £225k higher than budget reflecting continued increased demand (4.5% increase yr on yr) and material price increases offset by cyclical maintenance which is £375k favourable, due to the reprofiling and timing of the planned works.

Interest payable of £4,128k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £6k favourable to budget.

Net capital expenditure of £9,669k is £6,480k lower than budget.

- Capital investment income relates to the cash receipt of new build grants, SHNZ funding and medical adaptation grants and is £6,442k lower than budget due to delayed new build spend resulting in slower than anticipated grant claims, including Westcraigs Ph3, Wallyford 5/AB, Blindwells, Sibbalds Brae and Winchburgh BB.
- Core programme spend is currently £165k favourable to budget, due to the reprofiling of core programme and SHNZ works.
- New build spend of £30,141k is £12,611k lower than budget due to reduced spend relating to timing of golden brick payments as well as some delays on sites due to necessary infrastructure works and contractor delays. Sites with reduced spend include Sibbalds Brae, Wallyford 5/AB, and Westcraigs Ph3. This is partially offset by accelerated spend at Westcraigs Ph1 & Ph2 and Deans South.

3) Underlying surplus – Period to 30 September 2023

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 September 2023, underlying surplus of £2,708k is £236k favourable to budget. The variance is driven by lower levels of spend across expenditure and the core programme.

WH East Underlying Surplus - September 2023

	YTD Actual £k	YTD Budget £k	YTD Variance £k		FY Budget £k
Net Operating Surplus	13,701	12,140	1,561		27,115
add back:					
Depreciation	6,672	6,672	-		13,631
less:					
Grant income	(9,692)	(8,185)	(1,507)		(15,847)
Net interest payable	(4,111)	(4,128)	17		(8,683)
Total expenditure on Core Programme	(3,862)	(4,027)	165		(7,079)
Underlying surplus	**2,708**	**2,472**	**236**		**9,137**

4) Property Services Operating Statement – Period to 30 September 2023

	Period to 30 September 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Internal Subsidiaries	7,936	7,771	165	14,470
External Customers	130	120	10	240
TOTAL INCOME	**8,066**	**7,891**	**175**	**14,711**
COST OF SALES				
Staff	2,086	2,060	(26)	4,119
Materials	1,368	1,238	(130)	2,049
Subcontractor & Other Costs	2,954	3,184	230	5,835
TOTAL COST OF SALES	**6,408**	**6,482**	**74**	**12,003**
GROSS PROFIT/(LOSS)	**1,658**	**1,409**	**249**	**2,707**
Margin %	21%	18%	142%	18%
Overheads	1,552	1,307	(245)	2,614
NET PROFIT/(LOSS)	**106**	**102**	**4**	**93**

Key highlights:

•Wheatley Homes East Property Services provides in house repairs and maintenance services to Wheatley Homes East and Lowther Homes. In the period to 30 September 2023, Property Services is reporting a surplus of £106k, which is £4k favourable to budget.

•Income of £8,066k is £175k favourable to budget, due to owner occupied works being carried out which are charged to WHE.

•Cost of sales are £74k lower than budget mainly due to lower subcontractor costs with works being carried out in house to reduce overall costs. Staff costs are £26k adverse arising from overtime and agency staff costs. Material costs are £130k higher than budget due to the additional works carried out across group and also on behalf of owners.

•Gross profit of £1,658k is £249k favourable to budget.

•Overhead expenditure includes vehicle, rent and running costs, rates, insurance and other staff and office related costs. Spend is £245k higher than budget due mainly to higher rent & rates, vehicle running costs & waste disposal relating to void clearances. Vehicle running costs are £90k higher than budget due to an increase in vehicle repairs however a clawback is being sought from Citroen.

5) Wheatley Homes East Harbour – Period to 30 September 2023

	Period to 30 September 2023			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	436	431	5	862
Void Losses	(52)	(10)	(42)	(19)
Net Rental Income	**384**	**421**	**(37)**	**842**
Local Authority Contract Income	198	197	1	394
Other Income	35	22	13	44
TOTAL INCOME	**617**	**640**	**(23)**	**1,280**
EXPENDITURE				
Employee Costs	437	410	(27)	819
Direct running Costs	161	176	15	353
Revenue Repairs and Maintenance	11	32	21	65
Bad Debts and Depreciation	0	0	0	0
TOTAL EXPENDITURE	**609**	**618**	**9**	**1,236**
NET OPERATING SURPLUS / (DEFICIT)	**8**	**22**	**(14)**	**44**

Wheatley Homes East

Key highlights:

- The service is reporting a surplus of £8k which is £14k adverse to budget.
- Net rental income of £384k is £37k unfavourable to budget due to higher void levels than budgeted. This is due to fire mitigation works being carried out in the outbuilding as well as higher turnover of rooms in July and September than anticipated.
- Employee costs of £437k are £27k unfavourable to budget due to overtime and relief hours utilised to cover annual leave and 2 members of staff being on sick leave.
- Running costs of £161k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £15k favourable to budget due to managed savings.
- Repairs and maintenance expenditure of £11k is £21k under budget.

6) Repairs and investment – Period to 30 September 2023

Repairs and maintenance	Year to 30 September 2023			
	Actual £ks	Budget £ks	Variance £ks	FY Budget
Responsive Repairs	2,576	2,351	(225)	5,021
Cyclical Maintenance	692	1067	375	2,144
	3,268	**3,418**	**150**	**7,165**

WH East Investment Works	Year to 30 September 2023			
	Actual £k	Budget £k	Variance £k	FY Budget
Investment Works Income				
Disabled Adaptions Grant	127	105	22	210
SHNZ	60	183	(123)	700
Investment Works IncomeTotal	**187**	**288**	**(101)**	**910**
Investment Works Expenditure				
Core Programme (excl. SHNZ)	2,000	2,300	300	3,504
SHNZ	60	183	123	650
Capitalised Repairs	604	465	(139)	874
Disabled adaptations	127	111	(16)	197
Voids	612	458	(154)	834
Capitalised Staff	459	510	51	1,020
Investment Works Expenditure Total	**3,862**	**4,027**	**165**	**7,079**
Net Total	**3,675**	**3,739**	**64**	**6,169**

Key highlights:

Repairs and maintenance

- Responsive repairs spend is £225k unfavourable to budget, due to a higher cost per job. Completed jobs in the period to date have also increased by 4.5% on 2022/23 figures, and demand will continue to be monitored over the year.
- Cyclical repairs spend is £375k favourable to budget due to the timing of spend.

Investment

- Investment spend is £165k favourable to budget. The variance reflects reprofiling of planned spend on the core programme and SHNZ works. Void spend is currently under review, with mitigating plans in place to reduce spend.
- Medical adaptation spend and income are both ahead of budget but are expected to be within agreed grant levels by year end with Scottish Housing Net Zero spend and income under budget reflecting the reprofiling of works.

7) New Build Programme – Year to 30 September 2023

Wheatley Homes East

	Status	Contractor	Period To Date (£'000) Actual	Budget	Variance	FY Budget
BLINDWELLS11	Due on site	Ogilvie Homes	-	2,122	2,122	3,616
BUILYEON PH3A	TBC	Cala	-	-	0	12
DEANS SOUTH	On Site	Springfield	2,411	1,365	(1,047)	4,676
MACMERRY	On site	Balfour Beatty	786	1,338	551	1,915
PENICUIK	Complete	Cala	874	560	(314)	560
ROSEWELL	On site	Barratt	1	528	527	3,063
ROSLIN	Complete	Taylor Wimpey	441	105	(336)	255
ROWANBANK	On site	Artisan	960	804	(156)	2,033
SIBBALDS BRAE	Due on site	Taylor Wimpey	4	2,336	2,332	4,055
WISP 3C	Complete	Springfield	102	140	38	203
Total Social Rent			**5,580**	**9,298**	**3,718**	**20,387**
RAW HOLDINGS	On Site	Persimmon	599	573	(26)	1,146
ROSLIN PH2	Complete	Taylor Wimpey	248	384	136	461
SOUTHFORT	On site	Barratt	434	49	(385)	428
ST CRISPINS	On site	Cala	- 1	-	1	62
WALLYFORD 5 A/B	On site	McTaggart	235	6,827	6,592	11,552
WALLYFORD PH 2	On site	Cruden Homes	1,597	2,026	429	2,593
WESTCRAIGS PH1 & 2	On site	Cruden Building	11,394	5,405	(5,990)	16,475
WESTCRAIGS PH3	On site	CCG	4,367	8,699	4,333	18,161
WINCHBURGH BB	On site	McTaggart	4,533	6,040	1,507	11,459
Total Mixed Tenure			**23,407**	**30,003**	**6,596**	**62,337**
Prior Year			390	304	(85)	380
Feasability Sites			8	2,376	2,368	9,632
Capitalised staff costs			757	771	14	1,542
Total New Build Investment			**30,141**	**42,752**	**12,611**	**94,278**

	Actual	Budget	Variance	FY Budget
Grant Income	24,523	30,867	(6,344)	52,807
Net New Build Costs	**5,617**	**11,885**	**6,267**	**41,471**

Grant Income Completions (Recognised in OPS)	**9,692**	**8,185**	**1,507**	**15,847**

Investment spend at 30 September was £30.14m against budget of £42.75m, £12.61m lower than budget.

- ***Blindwells (SR/23):*** Site start anticipated November 2023, was budgeted for Q1 23/24. Golden Brick expected January 2024.
- ***Deans South (SR/65):*** Spend higher than budget as site acquisition took place this financial year, budgeted last year, combined with good progress on site.
- ***MacMerry (SR/36):*** Spend less than budget due to lack of power on site caused a delay. This has been resolved and the next stage of the build is progressing well.
- ***Penicuik (SR/57):*** Practical completion reached in August 2023.
- ***Rosewell (SR/26***): On site, following Board approval received in August 2023. Good progress on site.
- ***Roslin (SR/38):*** Practical completion reached in July 2023.
- ***Rowanbank (SR/33):*** Work on site progressing well, on track to meet revised completion of June 2024.
- ***Sibbalds Brae (SR/29):*** WDS approval submitted in August 2023, later than budgeted. Target date for concluding contract is November 2023, prior to site start Q2 24/25. More site remediation work has been identified which has delayed site start to 2024/25.
- ***The Wisp 3C (SR/35):*** Practical completion reached in May 2023.
- ***Raw Holdings (SR/38):*** Practical completion reached in October 2023.
- ***Roslin Phase 2 (MMR/14 and SR/24):*** Practical completion reached in June 2023.
- ***Southfort (MMR/14 and SR/11):*** Work on site progressing well and ahead of schedule.
- ***St Crispins (MMR/4 and SR/8):*** WDS approval received in June 2023. Now on site, following contract completion October 2023.
- ***Wallyford 5/AB (MMR/61 and SR/29):*** Approved by WDS Nov 2022. Change of contractor taken to board August 2023. Enabling works contract approved. Now on site.
- ***Wallyford Phase 2 (MMR/15 and SR/45):*** MMR units completed July 2023. SR units expected to complete by Q4 23/24.
- ***West Craigs Phase 1 & 2 (MMR/168 and SR/132):*** Budgeted spend at start of year was initially low, based on concerns on ability to progress site due to potential issue with infrastructure works. However, this has now been resolved and site is progressing on programme.
- ***West Craigs Phase 3 (MMR/55 and SR/70):*** Delayed start, now resolved. Under construction with progress satisfactory.
- ***Winchburgh BB (MMR/29 and SR/52):*** Under construction with progress satisfactory.
- **Feasability:** Variance mainly due to sites at Deans South Ph2 (Discussions still ongoing with contractor for start date) and River Gore Ph1 (no longer progressing with this site).

8) Balance sheet

	30 September 2023 £'000	31 March 2023 £'000
Fixed Assets		
Social Housing Properties	470,560	443,504
Other Fixed Assets	10,768	10,392
Investment Properties	37,145	37,145
	518,472	491,041
Current Assets		
Stock	820	759
Trade debtors	545	470
Other debtors	7,010	5,689
Rent & Service charge arrears	1,426	1,598
less: Provision for rent arrears	(981)	(997)
Prepayments and accrued income	1,959	790
Intercompany debtors	1,129	416
Total Debtors	11,088	7,966
Cash & Cash Equivalents	4,521	2,566
	16,429	11,291
Creditors: within 1 year		
Trade Creditors	(2,187)	(622)
Accruals	(7,034)	(7,510)
Deferred Income	(57,750)	(42,667)
Prepayments of Rent and Service Charge	(1,755)	(1,512)
Other Creditors	(1,047)	(1,479)
Amounts due to Group Undertakings	(11,270)	(9,054)
	(81,043)	(62,844)
Net Current Liability	(64,614)	(51,553)
Long Term Creditors		
Loans	(34,946)	(34,675)
Amounts due to Group Undertakings	(173,855)	(169,347)
Pension Liability	(1,284)	(1,284)
Net Assets	**243,772**	**234,182**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve b/f	234,182	221,578
Surplus in the year	9,590	(7,598)
Revenue Reserve transferred from WLHP	0	20,202
Association's funds	**243,772**	**234,182**

Key highlights year to date:

The balance sheet reported reflects the audited statutory accounts to 31 March 2023 and includes year end statutory adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.

•The value of our **fixed assets** reflects additions in the year less depreciation.

•**Debtors -** have increased by £3.1m. Prepayments and accrued income of £1.9m has increased by £1.1m mainly due to the timing of receipt of income. Intercompany debtors have increased by £1.2m due to the timing of settlements. Other debtors of £7.0m, increased by £1.3m from March 2023. This is due to an increase in grant income claimed from Scottish Government but not yet received.

•**Cash at Bank** – At 30 September 2023 cash at bank was £4.5m. The £1.9m increase from March relates to timing of receipt of grant income.

•**Short-Term Creditors** – Amounts due within one year of £81.0m includes £11.3m due to other Wheatley entities which is an increase of £2.2m, £7.0m in accruals and £57.8m in deferred income. The increase in deferred income relates to grants received in advance of new build completions. The remaining balance includes rent received in advance from our tenants, trade and other creditors (factoring deposits and payroll creditors).

•**Loans** of £208.8m relate to funding drawn down from WFL1 and external funding of £34.9m due to THFC and Allia (inclusive of rolled up interest charges).

9) Quarter 2 Forecast to 31 March 2024

Wheatley Homes East

	2023/24 Budget £ks	Q2 Forecast £ks	Variance £ks
INCOME			
Rental Income	38,215	38,305	90
Void Losses	(475)	(539)	(64)
Net Rental Income	**37,740**	**37,766**	**26**
Grant Income Recognised in the Year	15,847	15,342	(505)
Other Grant Income	1,348	950	(398)
Other Income	7,194	5,838	(1,356)
TOTAL INCOME	**62,129**	**59,896**	**(2,233)**
EXPENDITURE			
Employee Costs - Direct	4,491	4,611	(120)
Employee Costs - Group Services	2,978	2,948	30
ER/VR	540	540	0
Direct Running Costs	4,221	4,221	0
Running Costs - Group Services	1,585	1,561	24
Revenue Repairs and Maintenance	7,164	6,982	182
Bad Debts	404	379	25
Depreciation	13,631	13,631	0
TOTAL EXPENDITURE	**35,014**	**34,873**	**141**
NET OPERATING SURPLUS / (DEFICIT)	**27,115**	**25,023**	**(2,092)**
Net Operating Margin	*44%*	*42%*	*-2%*
Interest receivable	13	26	13
Interest payable	(8,696)	(8,710)	(14)
STATUTORY SURPLUS / (DEFICIT)	**18,432**	**16,339**	**(2,093)**

	2023/24 Budget £ks	Q2 Forecast £ks	Variance £ks
INVESTMENT			
Total Capital Investment Income	**53,717**	**46,171**	**(7,546)**
Total Expenditure on Investment	7,079	6,807	272
New Build & Other Investment	94,278	69,615	24,663
Other Capital Expenditure	1,043	937	106
TOTAL CAPITAL EXPENDITURE	**102,400**	**77,359**	**25,041**
NET CAPITAL EXPENDITURE	**48,683**	**31,188**	**17,495**

Comments

This table shows the 2023/24 budget compared to the Q2 forecast for 2023/24. The forecast out-turn reflects the results for the year to date as well as expected expenditure for the remaining 6 months of the year.

The forecast statutory surplus of £16,339k is £2,093k unfavourable to budget due to lower than budgeted grant income, other grant income and other income recognised as well as higher interest costs in the year.

Income

- Rental Income is forecast to be £26k favourable to budget due to early handovers throughout the year at Raw Holdings and the Wisp offset partially by higher void loss occurring at Harbour and the supported services.
- Grant income recognised of £15,342k is £505k adverse to budget, mainly attributable to the Wisp 3C and Raw Holdings scheduled for 2023/24 which completed in 2022/23 (£2.2m) offset partially by delays to handovers at Roslin Ph1 & 2 now moved into 2023/24 from 2022/23 (£1.4m). There is also additional grant (£490k) for the purchase of 5 units at Winchburgh Town Centre.
- Other grant income is forecast to reduce by £398k as a result of reduced SHNZ grant funding with a corresponding reduction in Investment spend.
- Other income is forecast to be £1,356k adverse to budget at year end with a reduction in forecast gift aid income receivable from WDS as well as delayed handovers of MMR units at Wallyford 7 and Roslin Ph2.

Expenditure

- Employee costs are forecast to be £90k unfavourable reflecting increased agency, relief, overtime costs and changes to the budgeted staffing structure resulting from an additional 4 housing officers to maintain patch sizes within agreed levels.
- Group services running costs are forecast to be £24k favourable due to savings made in Solutions resulting in a reduced recharge vs budget.
- Repairs and maintenance spend is forecast to be £182k lower than budget. Reflecting the continued increase in demand, reactive repairs are due forecast to be £129k over budget, with cyclical repairs providing a saving of £311k following the reprogramming of works.
- Bad debts are forecast to be £25k favourable to budget following positive action taken by the debt recovery team in the year.
- Interest payable is expected to be £14k unfavourable to budget due to increased interest rates in the year.

Investment

- Capital investment income received is expected to be £7.5m lower than budget with reduced new build spend and grant funded SHNZ project works.
- Investment expenditure is forecast to be £272k lower than budget due to the reprofiling of core programme and grant funded SHNZ project works.
- New build expenditure is forecast to be £24.7m lower than budget mainly relating to reprofiled spend at Wallyford 5 (£7.1m) due to delayed start onsite and change of contractor being processed; Westcraigs Ph3 (£7.2m) due to delay in grant funding; and delays at Winchburgh BB (£3.1m), Sibbalds Brae (£4.1m) and Deans South Ph2 (£5.7m) all due to delayed site starts. This is offset by higher than budgeted spend at Westcraigs Ph1&2 (£5.0m) due to the site operating ahead of schedule.
- Other capital expenditure is forecast to be £106k lower than budget, with savings coming from group IT capital recharges.

3) Underlying surplus – Q2 Forecast

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 based on our Q2 forecast figures to year end, 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.
- Forecast underlying surplus of £5,195k is £19k favourable to budget. The variance reflects lower levels of spend across expenditure and core programme.

WH East Underlying Surplus - Q2 Forecast			
	YTD Forecast £k	YTD Budget £k	YTD Variance £k
Net Operating Surplus	25,023	27,115	(2,092)
add back:			
Depreciation	13,631	13,631	-
less:			
Grant income	(15,342)	(15,847)	505
Net interest payable	(8,684)	(8,683)	(1)
Total expenditure on Core Programme	(6,807)	(7,079)	272
Gift Aid	(2,626)	(3,961)	1,335
Underlying surplus	**5,195**	**5,176**	**19**

Wheatley Homes East

Report

To: Wheatley Homes East Board

By: Laura Henderson, Managing Director

Approved By: Hazel Young, Group Director of Housing and Property Management

Subject: Risk Register

Date of Meeting: 23 November 2023

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1. Purpose

1.1. This report asks the Board to consider and approve the proposed changes to the Wheatley Homes East Risk Register.

2. Authorising and strategic context

2.1. In accordance with the Group Standing Orders, the Board is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

3. Background

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

A. Risks outwith risk appetite;

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

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

4. Discussion

4.1. The chart below shows all risks within the Corporate Risk Register. These are colour-coded as follows:

- Red font – risks highlighted for Member consideration (as set out in paragraph 3.1) and discussed further below;

- Purple font – risks with a high residual risk or inherent risk score where Boards have received an update on the operation of the controls in the last 6 months;
- Black font – lower scoring risks that have remained stable within the current period.

Impact

5					
4			• Failure to recruit, develop, retain and succession plan • Supply chain disruption • Damp and Mould (A)	• [redacted] • Impact on our customers of the Cost-of-Living crisis • Reduced availability of financial support from SGov't/Local Govt	
3		• Business Continuity • Fire Safety (C) • Rent arrears management	• New operating model implementation (C) • Financial impact of rent control legislation • Future waves of pandemic (C) • Fire Event (A) • Compliance with funders • Customer Satisfaction • Governance Structure • Securing new fundings and adverse market changes • Political and Policy changes • Customer Satisfaction of Shared Owners • Group Credit Rating (A) • Non-achievement of sustainability targets (C)	• Climate change impact on Group assets and services (C)	
2				• Laws and Regulations	
1					

1 2 3 4 5

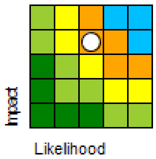
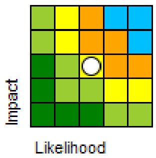
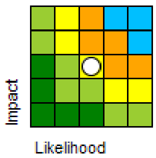
Likelihood

4.2. The remainder of this section provides additional commentary on those risks highlighted in red font. A full description of each of these risks, and associated controls, is set out in Appendix 2.

Section A - Risks outwith risk appetite

4.3. There are four risks with a residual risk score that is greater than the approved risk appetite. This is set out in the table below.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
[redacted]			

Risk	Residual Risk Score	Risk Appetite Level	Commentary
RISK 053: Damp and Mould		Minimal	The residual risk scoring for this risk was increased to 12 in August 2023. The proactive approach to the identification of damp and mould issues within customers' homes will reduce the likelihood of any homes having damp or mould present and not being actioned as a result of the customer not reporting it. This is supported by the development and implementation of the new procedures for dealing with reports of damp/mould, the treatment works that have been carried out over the course of the last year and the support / information / guidance that has been made available to customers and frontline staff should in turn reduce the risk associated with damp/mould over the winter period.
NEW RISK: RISK 089 – Fire Event		Minimal	This risk has been separated from the existing 'Fire Safety' risk to focus on the risk of a fire event within a customer property. It is outwith risk appetite due to the limited control the Group has over the actions of third parties to minimise fire risk.
RISK010 – Group Credit rating		Minimal	The residual risk score remains above risk appetite due to the uncertainty within the external economic and policy environment. We will continue to monitor the potential impact on business plans and keep the scoring of this risk under review.

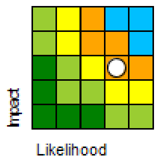
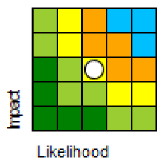
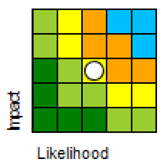
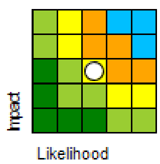
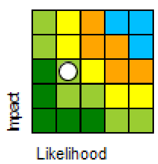
4.4. The implementation of any identified actions will be monitored and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

Section B – High scoring risks with controls due for review.

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

Section C- Horizon Scanning

4.6. The table below summarises five risks highlighted for the Board’s attention, including any key changes to the risks in the Risk Register.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
AMENDED RISK: RISK023 – Climate change impact on Group customers, assets and services		Open	Following discussion at the Solutions Board risk workshop, this risk has been split within the Group SRR. (See Risk 137 below) This original risk is focused on the potential that climate change consequences on Group assets and services are not anticipated, resulting in damage to the value of our assets and our ability to deliver services.
NEW RISK: RISK137 – Non-achievement of sustainability targets		Open	As above, propose this new risk is added (in line with agreed change to SRR) to focus on the risk that the Group is unable to demonstrate how it is contributing to climate change mitigation activities, due to non-achievement of targets within its Sustainability Framework.
PROPOSED FOR DELETION: RISK004 – New operating model implementation		Hungry	It is proposed that this risk is deleted from the Corporate Risk Register as the new operating model is now embedded.
PROPOSED FOR REMOVAL: RISK002 – Ongoing threat of future waves of COVID-19 and / or another pandemic		Hungry	It is proposed that this risk is removed from the Corporate Risk Register and monitored at a local level.
AMENDED RISK: RISK003 – Fire Safety		Minimal	In line with a change made to the SRR, this risk has been split and a new ‘Fire Event’ risk has been added to the Group Risk Profile. (See table A at 4.3) This amended risk is now focused on the risk of non-compliance with legislation.

4.7. The Board is asked to consider whether any matters discussed elsewhere during the Board meeting result in additional risks to be captured in the risk register.

5. Customer Engagement

5.1. No customer engagement implications arise directly from this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

11.1. This report does not require an equalities impact assessment.

12. Key issues and conclusions

12.1. The review of the Corporate Risk Register has identified four risks that are outwith risk appetite, no risks with high inherent or residual risk scores that have not been reviewed; and a further five risks highlighted for Board consideration.

13. Recommendations

13.1. The Board is asked to:

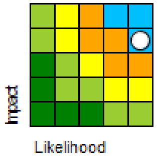
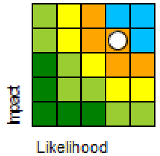
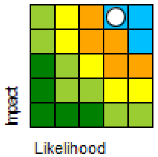
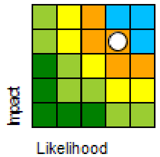
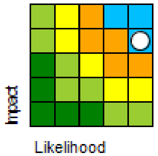
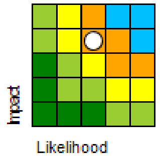
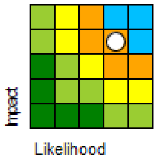
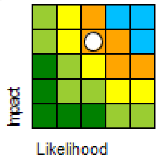
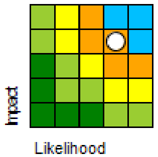
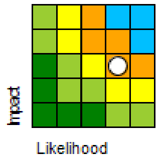
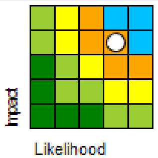
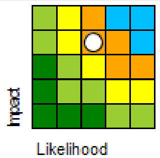
- Approve the updates in this report; and
- Identify any further changes required to the Corporate Risk Register.

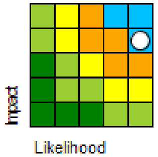
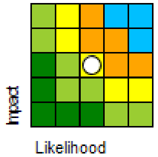
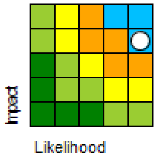
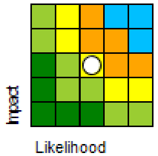
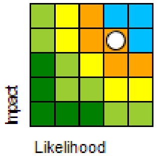
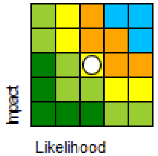
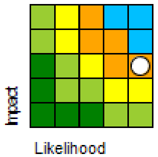
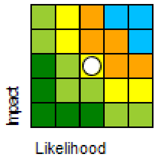
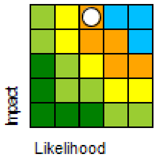
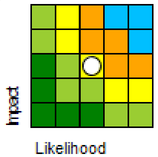
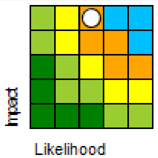
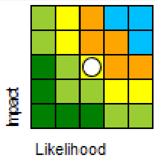
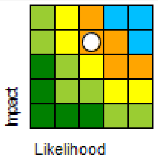
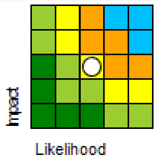
LIST OF APPENDICES:

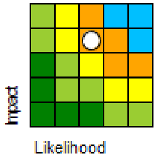
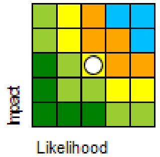
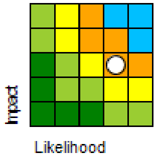
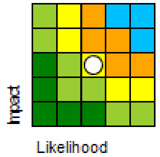
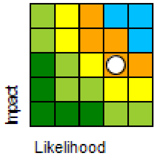
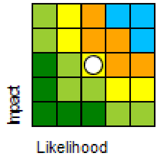
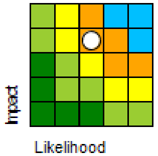
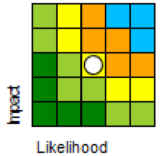
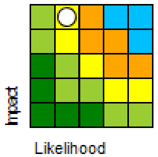
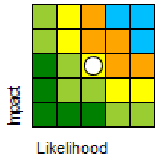
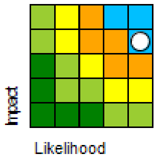
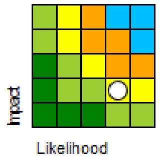
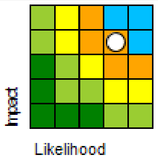
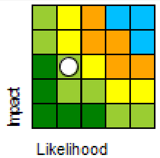
Appendix 1 – Summary status of Wheatley Homes East Corporate Risk Register

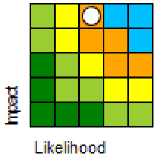
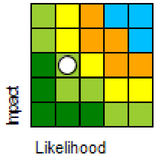
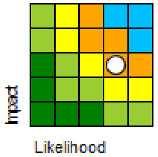
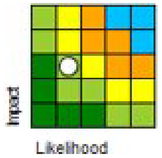
Appendix 2 – Wheatley Homes East Detailed Highlighted Risks

Appendix 1 – Summary status of Wheatley Homes East Risk Profile

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
[redacted]							
RISK 001	Impact on our customers of the cost of living crisis		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Communities	Supporting economic resilience in our communities	N/A
RISK 021	Reduced availability of financial support from Scottish Government and / or local government		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 018	Supply chain disruption		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Governance & Business Solutions	Increasing the supply of new homes	N/A
RISK 015	Failure to recruit, develop, retain and succession plan		Risk Appetite is <u>HUNGRY</u> (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A
RISK 023	Climate change impact on Group customers, assets and services		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	P12 C –Amended risk
RISK 053	Damp and Mould		Risk appetite is <u>MINIMAL</u> (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	P13 A – Outwith risk appetite

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 004	New operating model implementation		Risk Appetite is HUNGRY (Blue)		Group Director of Finance; Group CEO	W.E. Create– driving innovation	P14 C– Proposed for deletion
RISK 022	Financial impact of rent control legislation		Risk Appetite is CAUTIOUS (Yellow)		Group Director of Finance	Progressing from Excellent to Outstanding	N/A
RISK 137	Non-achievement of sustainability targets		Risk Appetite is OPEN (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	P15 C – Proposed new risk
RISK 002	Ongoing threat of future waves of COVID-19 and / or another pandemic		Risk Appetite is HUNGRY (Blue)		Group Director of Repairs and Assets; Group CEO	W.E. Create– driving innovation	P16 C – Proposed for removal
RISK 008	Compliance with funders' requirements		Risk Appetite is OPEN (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 089	Fire Event		Risk Appetite is MINIMAL (Light Green)		Group Director of Repairs and Assets	Developing peaceful and connected neighbourhoods	P17 A – Outwith risk appetite
RISK 006	Customer Satisfaction		Risk Appetite is OPEN (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 009	Governance Structure		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions; Group CEO	W.E. Work– strengthening the skills and agility of our staff	N/A
RISK 011	Securing new funding and adverse market changes		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 014	Political and Policy changes		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions; Group CEO	Influencing locally and nationally to benefit our communities	N/A
RISK 173	Customer Satisfaction of Shared Owners		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 010	Group Credit Rating		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	P20 A – Outwith risk appetite
RISK 016	Laws and Regulations		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions	Progressing from Excellent to Outstanding	N/A
RISK 012	Business Continuity / Disaster Recovery		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Progressing from Excellent to Outstanding	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	P21 C – Amended risk
RISK 007	Rent Arrears Management		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A

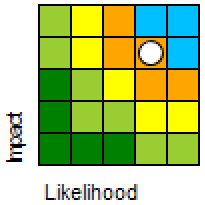
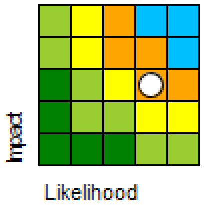
Appendix 2 – Detailed risks highlighted for Board consideration

[redacted]

RISK 023 Climate change impact on Group customers, assets and services – *C: Amended risk)*

Strategic Outcome	Setting the benchmark for sustainability and reducing carbon footprint	Risk type	Financial or VFM	Risk owner	Group Director of Repairs and Assets

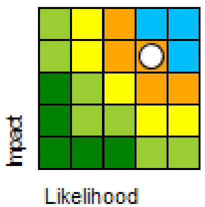
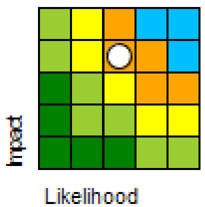
Description	***Controls***
There is a risk that the impact of climate change consequences on Group customers, assets and services are not anticipated resulting in damage to the value of our assets and our ability to deliver services to our customers.	Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow (e.g. “Beast from the East” type events). Climate Impact Assessment report commissioned from external consultants (Foresight report).

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **<u>OPEN</u>** (Orange)	All Boards – business plan including detailed 5 year capital investment plan and climate impact (Feb 23) Annual Sustainability Report (August 23) All Boards provided an update on the Action Plan and work undertaken through the CoE (Sept 23)

RISK 053 Damp and Mould - *A: Outwith risk appetite*

Strategic Outcome	Investing in existing homes and environments	Risk type	Compliance - Legal / Regulatory	Risk owner	Group Director of Repairs and Assets

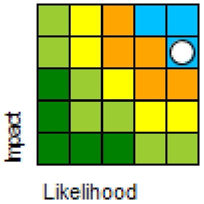
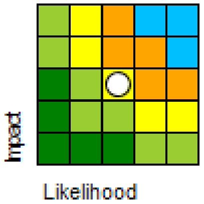
Description	*Controls*
There is a risk that housing stock is in a poor-quality condition as a result of damp and mould, resulting in harm to tenants' health.	***Existing Controls*** The Group has a Damp and Mould Policy, which is supported by detailed procedures. Mould and damp are recorded as specific work order descriptions, with agreed timescales for completion of the works. Timescales for completion of mould works have been reduced from 30 to 15 days and all jobs include a full inspection within 2 working days. Additional staff, to specialise in mould and damp, have been recruited to provide additional resource to the existing team. Arrangements are also in place for specialist external support to this Service. A process in in place to contact tenants with completed mould and damp jobs to determine whether the reported issue has been resolved. Trades staff are made aware of condensation and its causes, as well as being trained in application of products used to manage it. There are annual visits to all properties as part of technical compliance programme, with those in attendance advised to report any issues noted while in a property, including damp and mould. Housing Officers also access properties at least once per annum (usually more frequently). Housing Officers have access to information about current mould and damp jobs, factsheets to provide to tenants and are able to direct tenants to videos on how to manage issues. These are also available on Group websites. Training has been developed for all frontline staff who work with tenants including housing, wraparound services, CFC and care staff. CFC staff have specific script for probing when someone raises concern about damp or mould, so we understand clearly the extent of concern at the outset. A No Access Policy to cover the Group's approach to forced access, including in instances where repeated issues of damp and mould are raised but access is refused, has been rolled out. ***Planned controls*** All staff with reason to visit customer homes are currently being trained to recognise signs of damp and mould as part of a See It, Report It campaign. This also includes CBG trades operatives. A pilot exercise to test environmental sensors in a small number of properties is underway and the findings of this will be used to inform any further roll out. Technological solutions to treat mould are also being engaged wherever they are required e.g. misting machines.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk appetite is **MINIMAL** (Light Green)	Group paper on approach to Damp and Mould at the December 2022 Group Board. Repairs Service and Damp and Mould update provided to Group Board in March 2023. Update on winter preparation, including damp and mould related actions, was submitted to RSL Boards as part of the Winter Resilience Planning papers in September 2023.

RISK 004 New operating model implementation – *C: Proposed for deletion*

Strategic Outcome	W.E. Create- driving innovation	Risk type	Operational Delivery	Risk owner	Group Director of Finance; Group CEO

Description	***Controls***
The implementation of a new operating model, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.	The results of the completed customer consultation were reported to Boards for consideration. The implementation of the Customer First Centre has now been delivered and will continue to be regularly reviewed to ensure this model meets business need. Executive team receives regular reporting of plans and has oversight of plans, including for the Customer First Centre, rollout of the Centres of Excellence and delivery of the Digital Programme. Continued roll-out of the new operating model has been incorporated into the 2023-24 Delivery Plan and progress against the Plan will be reported to Boards at regular intervals throughout the year.

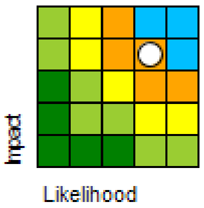
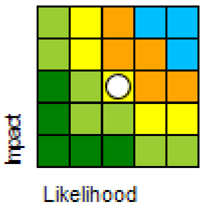
Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **HUNGRY** (Blue)	Quarterly performance reports with CFC KPIs as a standing item (Ongoing) Group Board CFC one-year review (Summer 23)

RISK 137 Non-achievement of sustainability targets - *C: Proposed new risk*

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Setting the benchmark for sustainability and reducing carbon footprint</td><td>Risk type</td><td>Reputation and Credibility</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that the Group is not able to demonstrate how it is contributing to climate-change mitigation activities, due to non-achievement of targets within its Sustainability Framework, resulting in reputational damage with key stakeholders, including investors, government and customers.</td><td colspan="4">Our strategy includes an objective to reduce emissions from our corporate activities to be carbon neutral by 2026. We have detailed asset information and baseline data, an EESSH 2 plan is under development, and we are in discussions with the Scottish Government about funding to accelerate investment in our properties through a bid to the SHNZ (Social Housing Net Zero Fund). The Group's ethos is that demolition is not a preferred option.

We produce an annual ESG report for investors setting out our progress on the environmental agenda and have produced a sustainability framework for investors to support the raising of sustainability-linked finance.

In addition to ESG reporting, increased public messaging around our work in relation to climate change is ongoing and we are in the process of developing a group sustainability strategy.

This risk has been further mitigated by the production of an Action plan which ensures each area of commitment across the group is being progressed and that progress is regularly monitored and reviewed through the CoE</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>OPEN</u> (Orange)</td><td colspan="4">All Boards – business plan including detailed 5-year capital investment plan and climate impact (Feb 23)

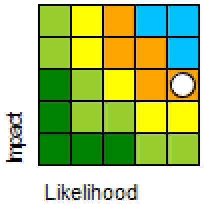
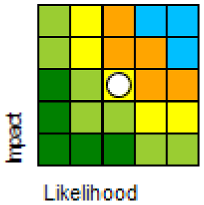
Annual Sustainability Report (August 23)

All Boards updated on the Sustainability Action Plan (Sept 2023)</td></tr>
</table>

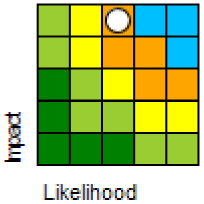
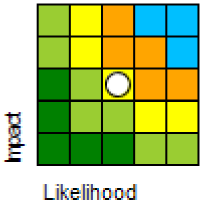
RISK 002 Ongoing threat of future waves of COVID-19 and / or another pandemic - ***C: Proposed for removal***

Strategic Outcome	**W.E. Create- driving innovation**	**Risk type**	**Operational Delivery**	**Risk owner**	**Group Director of Repairs and Assets; Group CEO**

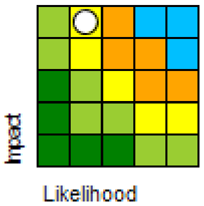
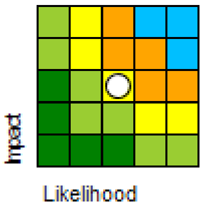
Description	***Controls***
The risk of future waves of Covid-19 and / or another pandemic along with the risk of further periods of lockdown (either Scotland wide or by geographical area) may result in previously remobilised services being paused.	Through lessons learnt from previous lockdown and remobilisation, services now have contingency plans (both Group wide and at a local level in place) for future waves and / or another pandemic. These include protocols for different grades of service model depending on the level of government restrictions (according with the levels system), Operational Safety Manual amendments which can be reinstated at short notice depending on the situation and 16-week PPE forward supply stocks being maintained at all times. We have a clear set of links with Scottish Government and other stakeholders through our standing place on the sector resilience group which allows us to quickly input to and understand Scottish Government responses and guidance. Revised approach to Business Continuity Management implemented and introduction of Business Continuity Co-ordinators and Response Teams established in all Business Areas. Comprehensive Training provided to Business Continuity Co-ordinators.

Inherent risk	**Residual risk**	**Risk Appetite level:**	**Previous / Next detailed Board update on operation of controls listed above:**
		Risk Appetite is **HUNGRY** (Blue)	Business updates have been standing Board agenda items through the last year and have set out any changes to service levels as the pandemic has progressed. This will continue to be the case through 2022. (Ongoing)

RISK 089 Fire Event - *A: Outwith risk appetite*

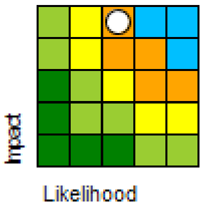
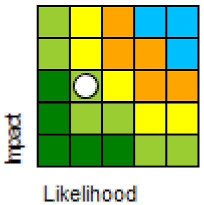
<table>
<tr><td>Strategic Outcome</td><td colspan="2">Developing peaceful and connected neighbourhoods</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">Actions and behaviours of customers or third parties which are outwith the Group's control lead to a fire within our buildings, resulting in the injury or fatality of individuals, damage to Group property, and reputational damage.</td><td colspan="4">Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell. Fire Risk Assessments are completed on a rolling cycle and include assessment of Wilful Fire Raising. Person Centred Risk Assessments (Home Fire Safety Visits) undertaken by Fire Safety Officers where vulnerable customers identified.
Daily, weekly and monthly inspections of high rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed. Statutory maintenance of Domestic Properties undertaken to include Gas Safety Installations, Electrical Installations and the provision of Heat and Smoke Detection. New Build properties from 2022 onward will be built with Water Suppression Systems as per new Building Standards requirements.
Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance. Fire Working Group attended by Snr Mgt Teams every 2 months that feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Leadership Directors to review performance, emerging issues and escalate matters as required.
Compliance Steering Group established to monitor and review compliance events that could contribute to risk of fire e.g. Gas Safety, Electrical Safety etc.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td>
</td><td>
</td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Standing item at Group Audit Committee meetings. (Ongoing)
Annual report to RSL Boards on Fire Prevention and Mitigation Framework. (May 22)
Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)
Board updates due prior to the end of Dec 2023.</td></tr>
</table>

RISK 010 Group Credit Rating - *A: Outwith risk appetite*

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Maintaining a strong credit rating and managing financial risks</td><td>Risk type</td><td>Financial or VFM</td><td>Risk owner</td><td>Group Director of Finance</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.</td><td colspan="4">The Group’s business plan is designed to maintain a strong standalone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. Mitigation drafting used in legal clauses - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). Negotiation period – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. Standby funders to replace EIB if necessary - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. Annual review (April) and quarterly meetings held with the S&P ratings team to enable pre-emptive actions where required.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td>
</td><td>
</td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Business plan projections for all Boards set out how we will maintain financial position (February 2023)
The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates. (Quarterly through 2022 and 2023)</td></tr>
</table>

RISK 003 Fire Safety - *C: Risk split into this and RISK 089 Fire Event (p20)*

<table>
<tr><td>Strategic Outcome</td><td colspan="2">Investing in existing homes and environments</td><td>Risk type</td><td>Compliance: Legal/Regulatory</td><td>Risk owner</td><td>Group Director of Repairs and Assets</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage</td><td colspan="4">Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs.
Fire Working Group attended by Snr Mgt teams every 2 months feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Directors to review performance, emerging issues and escalate matters as required.
Quarterly Bi-annual reporting of implementation of actions to Group Audit Committee.

Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments are completed on a rolling cycle.
Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed.
Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="4">Standing biannual item at Group Audit Committee meetings. (May / November)

Annual Report to RSL and Lowther Boards on Fire Prevention and Mitigation Framework

Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)</td></tr>
</table>