WHEATLEY HOMES EAST
BOARD MEETING

Thursday 9 February 2023 at 5pm
New Mart Road

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of meeting held on 12 January 2023
b) Minute of meeting held on 24 November 2022 and matters arising
c) Action list

Main business and approvals

4. Rent and service charges 2023/24

5. Financial Projections 2023/24

6. [redacted]

7. Five-Year Capital Investment Plan in existing homes

8. Customer insights – update

9. Care Evaluation – Reprovisioning of East Services (HMOs)

Other business

10. Performance Report

11. Finance Report

12. Governance update

13. Group Sustainability Framework

14. Corporate Risk Register

15. AOCB

Report

To: **Wheatley Homes East Board**

By: **Laura Henderson, Managing Director**

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

Subject: **2023/24 rent and service charges – consultation outcome**

Date of Meeting: **9 February 2023**

---

1. Purpose

1.1 This report:

- Provides feedback from our consultation on the 2023/24 RSL rent, service and other charges increase; and
- Seeks Board approval for the 2023/24 rent, service and other charges increases.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board are responsible for agreeing the overarching rent parameters for rent setting. Thereafter each individual Board agrees their own individual rent increase proposals within the agreed parameters. The Group Board agreed rent setting parameters at their meeting on 26 October 2022.

2.2 At its meeting on 14 December 2022, the Group Board considered the feedback from tenants during the independently facilitated focus groups and individual interviews. The Group Board approved the options for consultation subject to formal agreement by this Board and confirmation by the Scottish Government there would be no rent cap for social landlords.

2.3 At its meeting on 12 January 2023 the Board agreed that an increase of 2.5% should be the basis of consultation with our tenants. It also agreed that a second and third option, 0.5% and 1% above the 2.5% level should be discussed with tenants, with tenants asked whether they would be prepared to pay these higher levels in return for a lesser impact on investment reduction and services.

3. Background

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

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

3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels during discussions at the November 2022 and January 2023 meetings.

3.3 Our consultation was informed by an extensive programme of advanced customer engagement. This involved more tenants than ever before in our rent setting advanced engagement, comprising of individual interviews with tenants in their homes as well as focus groups. Both were undertaken by independent customer insight and research firm BMG.

3.4 In total BMG talked to 393 of our customers through interviews, as well as more in-depth discussion in a group dynamic through 4 focus groups, involving 50 customers. The feedback from the interviews demonstrated that almost 85% of tenants were prepared to support a rent increase and a large proportion, over one quarter, were prepared to pay a higher option to reduce the impact on services and investment. The results also firmly confirmed that the majority of tenants do not support a rent freeze.

3.5 The focus groups also demonstrated a clear majority supporting one of the rent increase options; of the 48 attendees 48% of the focus group attendees supported the 2.5% increase option and a further 25% supported a higher option. In terms of a rent freeze less than 3% of the focus group attendees who responded (42 of the 48 attendees) indicated they supported a rent freeze.

4. Discussion

4.1. Following our pre-consultation engagement, we formally consulted tenants on our rent setting proposals from the 23 January 2023 until 6 February 2023. Our formal consultation was independently managed by Civica.

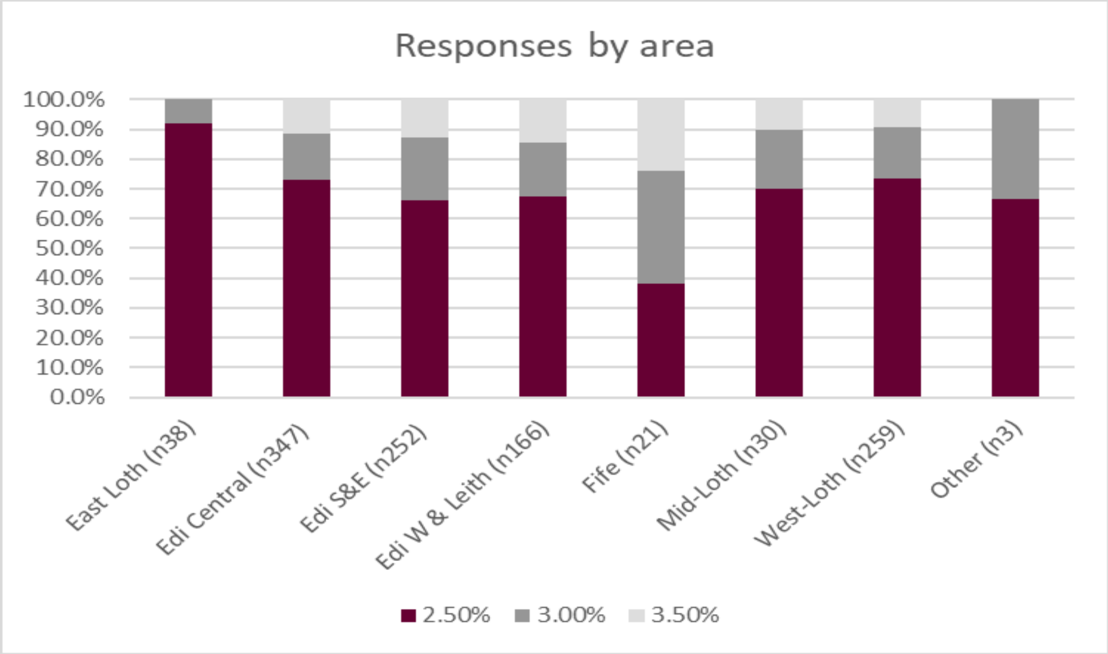
4.2. Given the consultation period was shorter than previous years, due to commencing later amidst the uncertainty over the potential rent cap, we extended the means to respond from mail to instantaneous digital methods or by phone via a dedicated code.

4.3. The consultation saw the highest ever response rate on record from tenants, even allowing for the addition of former WLHP tenants, with over 1100 responses received as detailed below:

Table 1: WHE results

Rent options	Total
2.5%	**788 (71%)**
3%	**200 (18%)**
3.5%	**128 (11%)**
	1116

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



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

4.6. The results show a strong appetite amongst tenants to engage in consultations through digital means, with the majority of responses via the online option.

Table 2: response method *(includes all responses even this not valid)*

Customer group	Online	Postal	SMS text	Telephone
WHE	680	417	18	22

<u>Qualitative feedback</u>

4.7. We invited respondents to provide feedback on why they elected to choose the option they did. We received feedback from over 180 customers regarding the proposals.

4.8. The most consistent theme of the feedback received was the continued pressure from the rising cost of living, including inflationary pressures, fuel costs and a lack of wage rises. A small proportion of customers who provided feedback suggested they would have preferred we consider a rent freeze or no increase. This low proportion of tenants providing this feedback was consistent with the pre-consultation engagement.

<u>Summary</u>

4.9 The level of tenant engagement and feedback on our rent setting proposals has been extensive and seen a record number of tenants involved. The pre-engagement which informed our consultation proposals and the formal consultation responses mean we have had over 1500 pieces of feedback from tenants as part of the process.

4.10 Taking into account the feedback from the consultation, it is proposed that we apply a 2.5% rent and service charge increase. This is less than a quarter of the current rate of inflation, at 10.5%, and well below the anticipated Scottish national average increase of 6.1% for Registered Social Landlords.

4.11 We also expect that our increase will be one of the lowest in the East based on the following (publicly confirmed) proposals that tenants of other RSLs/providers were consulted on:

- PfP 5.9%
- Prospect 4%
- Link 6%
- Blackwood 5%
- City of Edinburgh Council 2.5%.

4.12 Our proposed 2.5% increase is therefore likely to be at least 1.5% below other RSLs within the East, and the same as the City of Edinburgh Council.

5. Customer Engagement

5.1 The combination of the individual interviews and focus groups has seen the highest ever number of tenants involved in shaping our rent setting proposals. The engagement with tenants throughout the pre-engagement consultation was open and transparent about the challenges we face in maintaining investment and services and explored options and priorities with tenants. This process affirmed that the majority did not support a rent freeze.

5.2 Our formal consultation was equally open and transparent, clearly setting out the impact each option would have on investment and services to allow tenants to make an informed response to the three options we consulted on. The record level of responses affirmed that our consultation approach resonated with tenants.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 Our rent pre-consultation engagement, facilitated by BMG, allowed tenants to participate through a wide range of means, both in person and digital. This saw over 390 door to door interviews with tenants and 50 tenants attending focus groups.

7.2 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending on contact preference) with a link to an online copy. Tenants were able to participate in the consultation through a wider range of digital means than ever before. Response to the consultation could be provided via post; online; text; or call. This is the most methods of responding to a rent consultation we have ever had and may have been an impact on the high number of returns we have seen.

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

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

10. Risk appetite and assessment

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

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

10.3 The decision on rent increases involves striking a balance between the need to continue our path out of underlying deficit into surplus (as set out in our business plan), continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk the financial viability of the Group. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 Our rent setting engagement and consultation has been our most extensive ever with the highest response rate on record. Over 1500 of feedback/consultation responses from tenants over the pre-consultation engagement and formal consultation has shown that tenant support for a rent increase to maintain services and investment.

12.2 The high response rate by digital means provides us with assurance for future consultations that this is a method tenants are keen to use and one that will be used in future consultations.

13. Recommendations

13.1 The Board is asked to:

1) Consider the feedback received through the consultation process with tenants on our 2023/24 RSL rent, service and other charges increase;
2) Approve a 2.5% rent, service charges and other charges (including garages and lock ups) for 2023/24 effective from the 1st April, with the exception of ex-WLHP which is the first Monday in April;
3) Approve a 2.5% increase for shared owners; and
4) Agree that we formally write to tenants and shared owners to confirm this subject to relevant Group Board approval.

Wheatley Homes East

Report

To: Wheatley Homes East Board

By: Lyndsay Brown, Director of Financial Reporting

Approved by: Pauline Turnock, Group Director of Finance

Subject: Financial Projection 2023/24

Date of Meeting: 9 February 2023

---

1. Purpose

1.1 The purpose of this report is:

- to set out the updated projections for investment in assets and services over the period to 2028, in support of our new strategy, Your Home, Your Community, Your Future.

- to ask for the Board's approval of these updated financial projections, of which the first year will form the draft budget for 2023/24.

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 The key themes and aims of the 2021-26 Strategy *"Your Home, Your Community, Your Future"* set the context for the preparation of the financial projections.

3. Background

3.1 Throughout 2022/23 the economic outlook in the UK has remained challenging with inflation, driven by fuel and energy costs initially and flowing through to higher food prices, increasing to a 40 year high in October 2022 and interest rates being raised by the Bank of England. Inflation has fallen back slightly over recent months to 10.5% at December 2022 and is projected to fall to c5% by the end of 2023 in response to monetary policy actions and prices stabilising in the key inflation drivers of fuel and utilities. Thereafter inflation is predicted to fall below the policy target of 2% by the end of 2023/24.

3.2 Inflationary pressures are having a significant impact on the business and our customers. Efficiencies that we have realised to date are valuable and a focus on value for money remains important particularly in times of cost pressures. We recognise these economic factors will also put pressure on our tenants with rising inflation impacting customers' ability to keep their rent accounts up to date; the financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Here For You Fund across Group.

3.3 In response, updated cost inflation assumptions have been provided in the earlier years of the projections. Operating cost efficiencies linked to improved working practices, asset growth and collaboration with service providers continue our focus on value for money savings in the projections. We have retained our provision for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances.

3.4 Our Customer First Centre allows us to deliver services using a blended approach of face to face and virtual engagement with our customers and frees up housing staff to spend more time with tenants. Feedback from our customers on the Customer First Centre has been overwhelmingly positive,

3.5 The increase in the debt per unit covenant agreed in 2021/22 and the addition of Wheatley Homes South to the RSL Borrower Group in 2022/23 has allowed us to grow our development programme to 10 years and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent with a further 305 in Lowther. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with Wheatley Homes East developing up to 3,802 of these.

4. Discussion

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

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

- Over the five-year period the business plan includes provision for investment of £32.8m in our existing housing stock.
- Our new build programme includes gross development spend of £362.5m projected over the five-year period and the completion of 1,309 social rent and 585 mid-market rent properties.
- Management and overhead costs decrease over the five-year period from £3,197 per unit in 2023/24 to £2,772 in 2027/28. These efficiencies create capacity within WH East to fund the debt required to meet our new build ambitions and invest in services for our customers.

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

Delivering Exceptional Customer Experience

4.3 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support a contribution of £7.1m over the next five years towards the Group's IT capital programme, which is aligned to 5 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. The workstreams are:

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

- The repairs service is hugely important for our customers and the additional capacity included in the plan highlights our commitment to meeting expectations.

Making the most of our homes and assets

4.4 The projections include £362.5m of gross funding for the new build programme over the five years, delivering 1,309 social rent and 585 mid-market rent properties during this period. Grant income of £167.0m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. Successful conclusion of our funder negotiations has created additional capacity which allows our RSL development programme to grow to 12,500 new homes over a 10 year period with WH East developing up to 3,802 of these.

In our existing homes, total investment of £32.8m (excluding inflation) has been included. This work will largely be completed in-house by Wheatley Homes East Property Services Team ("WHEPS"). This funding will ensure that our properties remain in a good state of repair and sufficient provision is available for all compliance requirements.

The financial projections include £0.5m of funding in years 1-5 for customer identified investment priorities through Stronger Voices. Engaging with customers will ensure investment work streams will be better directed towards what customers want.

During the first five years of the plan £36.7m has been earmarked for responsive and planned repairs, which takes cognisance of the increase in customer demand for repairs seen in 2022/23. This funding will assist with the upkeep and maintenance of our stock.

Changing lives and communities

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

- Funding of £1.1m to the Wheatley Foundation ("The Foundation") over the first 5 years of the financial projections. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need and My Great Start for new tenants.

- As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed to extend the Here For You fund beyond the initial end date of March 2023 until March 2024. This fund provides assistance to our customers who are facing financial hardship with food, fuel and rent.

Developing our shared capacity

4.6 Following the successful implementation of our new ways of working, in 2021/22 we launched our Customer First Centre, building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. Feedback from our customers on the Customer First Centre has been overwhelmingly positive.

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

During the year our collaborative office hub in East opened following the opening of Wheatley House in 2021. Further provisions for investment in offices and IT will provide staff with the technology they need to work effectively from home or our hubs.

Enabling our ambitions

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

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

Figure 1: Statement of comprehensive income

Statement of comprehensive income	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Net Rental Income	37,740	39,827	42,903	45,941	48,675
Other Income	4,581	4,367	5,915	7,151	7,949
Grant Income (HAG)	15,847	38,765	51,826	31,689	27,809
Total Income	**58,168**	**82,958**	**100,644**	**84,782**	**84,433**
Management and Service Costs	13,815	13,412	14,106	14,491	14,847
Repair and Maintenance Costs	7,164	7,490	7,880	8,312	8,689
Bad Debts	403	419	441	463	484
Depreciation	13,631	15,273	17,322	18,815	20,116
Operating Expenditure	**35,014**	**36,594**	**39,749**	**42,082**	**44,136**
Gain/(Loss) on Investment Properties	17,835	10,160	(34,047)	29,163	(22,650)
Operating Surplus	**40,989**	**56,525**	**26,847**	**71,863**	**17,648**
Operating Margin (%)	***70%***	***68%***	***27%***	***85%***	***21%***
Finance Costs	(8,683)	(10,110)	(12,544)	(14,351)	(15,428)
Property Valuation Adjustments	(10,791)	(72,984)	13,767	8,738	(58,826)
Gain/ (Loss) on sale of property	(134)	0	0	0	0
Total Comprehensive Income	**21,381**	**(26,569)**	**28,071**	**66,250**	**(56,606)**

Over the five-year period presented, WH East's Total Comprehensive Income fluctuates due to property valuation movements and grant recognition on completed units. Total comprehensive income of £32.5m is projected.

Our annual rent and service charge consultation exercise has now been concluded and is reported to the Board separately. The financial projections incorporate the proposed 2.5% increase in rent and service charge levels. The projections also assume a reduction to our operating cost base, with efficiency savings of 13.3% in the cost per unit over the five-year period.

4.9 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest. Our Statement of Financial Position, set out below, shows a strong net asset position which improves over the 5 years of the projections. The delivery of new social housing properties will help to strengthen WH East's net asset base. Figure 2 shows the projected change in the Statement of Financial Position over the five-year period to 2027/28.

Figure 2: Statement of Financial Position

Statement of financial position	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Housing Assets	486,192	464,138	508,845	540,482	524,164
Other Fixed Assets	9,665	9,461	9,046	8,643	8,183
Investment Properties	95,817	130,827	108,050	166,191	176,903
Total Fixed Assets	**591,673**	**604,426**	**625,941**	**715,316**	**709,249**
Current Assets	16,216	16,190	16,057	16,038	16,011
Current Liabilities	(69,958)	(70,715)	(50,904)	(47,057)	(53,535)
Net Current Assets	**(53,742)**	**(54,525)**	**(34,848)**	**(31,020)**	**(37,524)**
Long-Term Liabilities	(274,359)	(312,897)	(326,019)	(352,973)	(397,008)
Net Assets	**263,573**	**237,003**	**265,074**	**331,324**	**274,718**
Retained Earnings	263,573	237,003	265,074	331,324	274,718
Total Reserves	**263,573**	**237,003**	**265,074**	**331,324**	**274,718**

The value of housing assets increases by £119.0m over the five years from 1 April 2023. The new build programme is funded by debt (and grant subsidy) which increases by £122.6m over the same period. This additional debt and asset value results in a growth in net assets of £32.5m (equal to total comprehensive income) over the period.

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

Figure 3: Cash flows generated

Cashflow	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Net rental income	42,374	44,730	49,463	53,626	57,168
Operating Expenditure	(22,242)	(21,832)	(22,939)	(23,780)	(24,537)
Net Cash from Operating Activities	**20,131**	**22,898**	**26,524**	**29,846**	**32,631**
Core and other Capital Expenditure	(9,663)	(8,630)	(8,893)	(8,581)	(9,794)
New Build Expenditure	(88,776)	(80,091)	(48,686)	(60,636)	(84,274)
Proceeds from sale of property	580	0	0	0	0
Grant income	52,807	21,163	22,228	30,867	39,948
Net cash used in investing activities	**(45,052)**	**(67,559)**	**(35,351)**	**(38,350)**	**(54,120)**
Finance costs	(8,513)	(11,064)	(12,812)	(14,089)	(15,470)
Net movement in cash	**(33,433)**	**(55,724)**	**(21,639)**	**(22,593)**	**(36,959)**

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

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

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

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

Figure 4: [redacted]

- As shown above WH East will generate sufficient income from operating activities to fund investment and finance costs. The level of cover fluctuates over the period due to the timing of significant new build activity with interest costs increasing before the benefit of rental income is earned from completed new build properties.

- Although loan to value increases from [redacted]% in 2023/24 to [redacted]% in 2032/33 it remains below our 70% golden rule maximum level of loan to value. This demonstrates that WHE will have sufficient asset cover to support loans, noting that 2032/33 is the final year of the current development programme and is the peak net debt year, with debt decreasing thereafter.

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 Revised financial projections for WH East are summarised in section 5 above and in Appendix 1. These financial projections, once approved, will be submitted to the Wheatley Group Board for approval on 22 February. The figures in the first year of the projections, 2023/24, will then form the basis of the annual budget which will be presented to the Board for approval in March. Performance against the budget will then be monitored via the management accounts provided to the Board throughout the year.

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for 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 report presents the financial projections for the five year period to 31 March 2028.

13. Recommendations

13.1 The Board is requested to:

1) Approve the updated projections for investment in assets and services over the five-year period to 2028; and

2) Agree that the projected 2023/24 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March.

LIST OF APPENDICES:

Appendix 1 – Financial Projections 2023/24

Wheatley Homes East

Better homes, better lives
www.wheatleyhomes-east.com

Wheatley Homes East Financial Projections

2023/24

Wheatley Group

Classified as Internal

1. Headlines

2022/23 saw the first full year following the implementation of our new operating model across the Group, supported by our new "Customer First Centre" with the aim of delivering outstanding customer services.

As we entered 2022/23 inflationary pressures were having a significant impact on the business and our customers, and this has continued throughout 2022/23 with general inflation peaking in October 2022 at 11.1% driven by fuel and energy costs initially and flowing through to higher food prices. CPI is projected to fall to around 5% by the end of 2023 then falling to below the 2% target by the end of 2024. Economic forecasts show interest rates continuing to rise, peaking at over 4% in mid-2023.

Keeping rents affordable remains a key strategic aim, with rent increases maintained at 2.5% for 2023/24 and 2024/25, both well below inflation. Further, recognising that economic factors will put pressure on our tenants we have retained provision in the projections for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances. As part of our focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed in the Wheatley Foundation to extend the Here For You fund until March 2024, with £3.5m of funding from the RSLs to be used in the 2023/24 financial year. This fund provides assistance to our customers who are facing financial hardship to with food, fuel and rent.

The increase in the debt per unit covenant agreed in 2021/22 and the addition of Wheatley Homes South to the RSL Borrower Group in 2022/23 has allowed us to extend our development programme to 10 years and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units with Wheatley Homes East developing up to 3,802 of these.

WH East is forecast to complete 276 new build properties in 2022/23 at South Gilmerton, Roslin Ph1 & Ph2, Penicuik and Wallyford Area 7 and projected to invest £6.0m in existing homes this year.

The updated financial projections for 2023/24 and beyond include:

- Provision to build 1,894 new homes, of which 1,309 are for social rent, over the next five years
- A further £32.8m of investment in existing housing stock
- An additional £2.1m per annum set aside from 2023/24 for repairs to match the increased demand we have experienced this year compared to pre pandemic levels
- Contribution of £4.3m to the Group's IT investment, helping to support the strategic aims in the 2021-26 strategy
- £1.1m in donations to the Wheatley Foundation over the next five years

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

WH East's peak net debt occurs in 2032/33 (Year 10), the final year of the current development programme and finance costs on the debt borrowed from Wheatley Funding Limited 1 ("WFL1") steadily increase over the five years presented in the projections. This is in advance of the significant financial benefit from increased rental and lease income which increases the total comprehensive income reported.

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

2. Key assumptions

The key financial assumptions in the 2023/24 Business Plan are highlighted below. All figures include VAT and inflation (unless stated otherwise).

2.1 Stock Numbers

Social Housing

Opening stock numbers in the plan reflect the actual stock reported in the WH East statutory accounts as at 31 March 2022, updated for the transfer of stock from WLHP and for developments completed in 2022/23.

Table 1 – Opening Social Housing Stock

	General Needs	Supported Housing	Shared Ownership	Total Units
Opening Stock	6,080	353	331	6,764

Over the next 10 years of the plan it is anticipated that 2,694 new homes for social rent will be delivered as a result of our development programme, with 1,309 of these units expected to be delivered in the first 5 years. It is further assumed that the remaining 15 of the supported housing units which transferred from Barony will be sold in 2023/24. These properties do not allow for tenants residing in the accommodation to live independently and a disposal and re-provisioning strategy had been previously approved by the Barony Board prior to the transfer.

Table 2 below shows the profile of self-contained units for social housing (excluding shared ownership units) over the period of the projections.

Table 2 – Social Housing Stock Profile

General & Supported Housing	2023/24	2024/25	2025/26	2026/27	2027/28
Opening Stock	**6,433**	**6,607**	**6,896**	**7,204**	**7,523**
New Build	189	289	308	319	204
Sales	(15)	0	0	0	0
Closing Stock	**6,607**	**6,896**	**7,204**	**7,523**	**7,727**

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

Opening stock numbers reflect the actual stock as at 31 March 2022, updated for developments completed during 2022/23. The projections include the expected delivery of 1,108 affordable mid-market rent properties over the next 10 years, with 585 of these units expected to be delivered in the next 5 years, as shown in table 3 below.

Table 3 – [redacted]

[redacted]					

2.2 Rent and Service Charge Income
The plan assumes an average weekly rent based on the actual current average rent and, subject to Board approval, a 2.5% rent increase in April 2023. The proposed increase for WH East of 2.5% maintains the tenant promise given to ex WLHP and DC tenants. This is 1.4% lower than 3.9% proposed for other Group RSLs in response to the relatively higher rents in the east and also significantly lower than the current rate of inflation.

Service charges are assumed to move in line with rent increases for the duration of the plan.

Table 4 – Rent and service charge increase assumptions

	2023/24	2024/25	2025/26	2026/27	2027/28
Rent Inflation	2.50%	2.50%	3.50%	2.90%	2.90%

2.3 Other Income

Other rental income
[redacted].

Supporting People Grants
The financial projections assume WHE will receive £394k of grant income from Edinburgh Council to provide support services at WHE Harbour.

Wheatley East Property Services – Net Surplus
Income is assumed to be received from Lowther Homes in respect of repairs and capital works carried out by Wheatley Homes East Property Services ("WHEPS"). This is offset by costs for the provision of the repairs service, namely staffing and materials, and, along with surpluses on external works, is anticipated to result in an estimated margin of £93k in 2023/24. Income is referenced to repairs and investment spend in the financial projections. Staff costs are forecast to increase in line with salary inflation each year and material cost assumptions are linked to general cost inflation assumptions.

Other
Other income received by WH East includes medical adaptation grant income, Scottish Housing Net Zero Heat Fund and some minor miscellaneous income at the Harbour and Sheltered services.

Table 5 below shows the projected other income (including inflation) for the first five years of the 2023/24 Financial Projections. Over the period other rental income is expected to increase substantially primarily as a result of an increase in lease income received from Lowther Homes in respect of the mid-market rent properties.

Table 5 – Other Income (including inflation)

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
[redacted]					
Supporting People Grant	394	394	394	394	394
Workshop Net Surplus	93	96	98	100	103
Other Income	178	178	178	178	178
Other Grant Income	910	216	222	227	233
Total	**4,581**	**4,367**	**5,915**	**7,151**	**7,949**

2.4 Inflation Assumptions

Throughout 2022/23 the economic outlook in the UK has remained challenging with inflation, driven by fuel and energy costs initially and flowing through to higher food prices, increasing to a 40 year high in October 2022 and interest rates being raised by the Bank of England. Inflation has fallen back slightly over recent months to 10.5% at December 2022 and is projected to fall to c5% by the end of 2023 in response to monetary policy actions and prices stabilising in the key inflation drivers of fuel and utilities. Thereafter inflation is predicted to fall below the policy target of 2% by the end of 2024.

Inflationary pressures are having a significant impact on the business and our customers, and the financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Here For You Fund.

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

Table 6 – Inflation Assumptions

	2023/24	2024/25	2025/26	2026/27	2027/28
Cost Inflation	5.00%	3.00%	2.50%	2.50%	2.50%

The assumption in relation to employee cost inflation is 7.0% for 2023/24, 3.0% in 2024/25 and then included at 2.0% for the remainder of the plan.

2.5 Operating Performance

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

Table 7 – Void, Bad Debt and Arrears Assumptions

	2023/24	2024/25	2025/26	2026/27	2027/28
Routine voids (%)	1.35%	1.35%	1.15%	1.15%	1.15%
Bad debts (%)	1.10%	1.10%	1.10%	1.10%	1.10%
Arrears (£'000)	1,642	1,616	1,483	1,464	1,437

The plan assumes voids to remain constant at 1.35% in years 1 and 2, before reducing to 1.15% in years 2 for the remainder of the five year plan. Year to date void performance in 2022/23 is 1.57%, however this is due to higher voids at WHE Harbour due to fire safety works being carried out, eliminating 20% of the available capacity at a time. These works have now concluded and the Harbour is back operating at full capacity, with voids running lower in recent periods than the YTD average.

The bad debt assumption remains at a constant 1.10% of rental income and is higher than current performance of 0.83%. The assumptions in the business plan are therefore prudent compared to historical rates.

Business plan assumptions on the movement in arrears have been updated to take into account the economic challenges facing our customers together with our experience to date with Universal Credit. The 2023/24 Business Plan assumptions on arrears reflect the assumption that all working age tenants on benefits move to UC by end of 2023/24. This is reflected in the 2023/24 arrears provision in the plan. Thereafter, arrears reduce through the recovery of balances built up over the 5 week initial waiting period.

2.6 Management Costs

WH East employee cost assumptions reflect the direct staff structure. Supported by the Customer First Centre, capacity has been created within frontline housing to focus on more complex interactions and support to tenants. Running costs include day to day expenditure and an additional cost allowance has been made in the projections to provide for the management costs of 1,309 new social rent units delivered through the development programme.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Human Resources, IT, Finance and the Transactional Hub, to reduce by 8.6% over the next five years. This reflects further efficiency savings resulting from continued investment in back office services, particularly the technology and improved working practices. Table 8 sets out the overall management costs are assumed in the plan.

Table 8 – Management costs (excluding inflation)

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Employee Costs	4,491	4,165	4,321	4,300	4,279
Running Costs	4,221	4,227	4,401	4,526	4,616
Group Recharges	4,563	4,382	4,321	4,246	4,172
Total	**13,275**	**12,774**	**13,043**	**13,072**	**13,066**

Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.7 Asset Management and Growth

a) Repairs & Maintenance

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service tenants receive and their satisfaction levels. The provision for repairs recognises the increase in demand that we have experienced in 2022/23. This results in the average repairs and maintenance cost per unit increasing by 21%, excluding inflation, between

2022/23 budget (stated in 2023/24 prices) and the projection for 2023/24 or £1.4m. The majority of repairs and maintenance services to Wheatley Homes East are carried out in-house by Wheatley Homes East Property Services ("WHEPS").

As new build properties are completed, additional budget is provided for the repair and maintenance of these properties. The average repairs and maintenance cost per unit over the period of the five year projections reduces by 8.7% excluding inflation. Table 8 summarises the revenue repairs and maintenance assumptions.

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

Repairs	2022/23* £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Routine Maintenance	3,657	5,021	4,971	5,062	5,190	5,281
Planned Maintenance	2,091	2,144	2,162	2,224	2,307	2,366
Total	**5,747**	**7,164**	**7,133**	**7,286**	**7,498**	**7,647**
Average No. of Units	6,325	6,520	6,752	7,050	7,364	7,625
Average Repair cost per unit (£)	**909**	**1,099**	**1,057**	**1,033**	**1,018**	**1,003**

*2022/23 budget stated in 2023/24 prices.

b) Capital Investment

Investment in existing stock in 2022/23 is forecast to be £6.0m. Over the next five years this investment will continue with a further £32.8m including inflation, of planned investment in existing stock. This investment is possible due to operational efficiencies in management costs, and access to borrowing via the Group.

Table 10 summarises the capital investment programme for the next five years. Within the core programme, £0.4m per annum has been allocated to over the five years for Stronger Voices investment- spending decisions made in consultation with, and led by our customers, to address local priorities. This equates to 3.1% of the core programme budget.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties. The in-house service gives us greater control over the void turnaround process.

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

Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Core Programme	6,048	5,091	5,223	4,898	6,115
Void Repairs	834	859	880	902	925
Medical Adaptations	197	203	208	213	218
Total	**7,078**	**6,152**	**6,311**	**6,014**	**7,258**

Scottish Government and the Scottish Housing Regulator published further guidance in 2020 on the achievement of EEESH2 which requires, where possible, all properties to be bought up to EPC band B by 2032. The five year core investment programme includes £8.3m of works, such windows and low carbon heating, which will contribute to achieving the EESSH2 standard. Further, core programme works in 2023/24 includes £1.3m of Pre 1919 tenement net zero spend funded by the Scottish Housing Net Zero grant award.

c) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £40.5m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WH East makes a capital contribution towards the overall Group IT capital costs. The table below details WH East's total contribution of £7.1m over the next 5 years.

Table 11 – IT Capital Contribution (including inflation)

IT Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
IT Capital Contribution	1,423	1,369	1,393	1,455	1,417

The 5 year IT Capital Investment programme is aligned to 5 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms.

The workstreams are:
- Digital Workplace
- Customer Self Service
- Housing and Care
- Digital Repairs
- Core Architecture and CyberSecurity

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

- **Digital Workplace** – an ongoing programme of technology and facility upgrades and improvements across our estate, including network services, hub/touchdown technology (workstations, digital communications, site security and monitoring). Ongoing support of Group hybrid and home working model (end user devices, software, remote access). Staff support and digital adoption services and the provision of improved manager and staff HR engagement platforms.
- **Customer Self Service** – Ongoing service improvements and development of our online service portfolio aligned to end-end customer journey maps and customer preferences. Review and replacement of our current customer self-service platforms; and renewal of ourCFC platforms and services (voice platform, webchat, video). Development and implementation of customer engagement and feedback services.
- **Housing and Care** – Supporting the future housing operating models and delivery approaches, through ongoing investment in staff mobile applications and services (e.g. devices, software, improved access to data and information), housing platform upgrades and process improvements. Replacement of Group factoring management system.

- **Digital repairs** – Our digital repairs programme includes upgrades and improvements to Wheatley Homes South services and the migration of Wheatley Homes East repairs to a consolidated Group repairs platform. Refresh and renewal of trade operatives mobile devices. A review and redevelopment of online repairs services to customers, aligned to ongoing improvements to support the evolution of ‘Book-it, Track-it, Rate-it’ model of delivery.
- **[redacted]**.

d) New Build Programme

The new build programme is set out at Section 2.1 and reports 3,802 new units (2,694 for social rent and 1,108 for mid-market rent), of which 1,894 are anticipated to be completed within the next five years. Table 12 summarises the investment in new build homes over the next five years.

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

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Social Housing					
Development Costs	68,362	56,136	38,108	32,107	51,788
Grant Income	44,422	14,442	18,901	17,408	30,068
Net Cost	**23,939**	**41,694**	**19,207**	**14,699**	**21,720**
Units Completed	189	289	308	319	204
[redacted]					

2.8 Initiatives and Other Provisions

a) Initiatives

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

The main one is our contribution to the Wheatley Foundation of £1.1m over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. The vast majority of the Foundation's income is received from the subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 75% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to fund a number of projects and initiatives that will benefit customers and communities across the Group. These initiatives include projects such as the Here For You Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered to be an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for WH East over the long term.

WH East's contribution to these initiatives over the next five years is summarised in the below table. The projections assume sufficient funding will be available in the Foundation to deliver their initiatives in years 1 and 2

Table 13 – Initiatives (excluding inflation)

Other Group Recharges	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Share of Group Initiatives	9	9	343	350	358

2.9 Operating Cost Per Unit

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period and are set out in Table 14 below.

Table 14 – Operating cost per unit (excluding depreciation and inflation)

	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Costs (£'000) (Excl Depreciation)	20,843	20,305	20,737	20,988	21,140
Operating Costs ('£000) (Excl Depreciation and Incl Inflation)	20,843	21,321	22,427	23,266	24,020
Average No. of Units in Year	6,520	6,752	7,050	7,364	7,625
Operating Cost per Unit (£) (Excl. Inflation)	**3,197**	**3,008**	**2,941**	**2,850**	**2,772**

The financial projections assume an operating cost per unit of £3,197 in 2023/24, reducing by 13.3% to £2,772 in 2027/28. The trend shows that the plan assumes WHE will become more efficient in its use of resources as it manages more units added through planned asset growth.

2.10 <u>Interest Rate Assumptions</u>

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding Limited 1 (“WFL1”) at an assumed blended all in average funding rate. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

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

Table 15 – Interest Rate Assumptions

	2023/24	2024/25	2025/26	2026/27	2027/28
Interest Payable (Group Funding)	4.50%	4.60%	4.60%	4.70%	4.70%
Interest Receivable	0.50%	1.00%	1.50%	2.00%	2.00%

3. Financial projections

a) <u>Statement of Comprehensive Income</u>

Table 16 – Income and Expenditure Projections

Statement of comprehensive income	2023/24	2024/25	2025/26	2026/27	2027/28
	£’000	£’000	£’000	£’000	£’000
Net Rental Income	37,740	39,827	42,903	45,941	48,675

Other Income	4,581	4,367	5,915	7,151	7,949
Grant Income (HAG)	15,847	38,765	51,826	31,689	27,809
Total Income	**58,168**	**82,958**	**100,644**	**84,782**	**84,433**
Management and Service Costs	13,815	13,412	14,106	14,491	14,847
Repair and Maintenance Costs	7,164	7,490	7,880	8,312	8,689
Bad Debts	403	419	441	463	484
Depreciation	13,631	15,273	17,322	18,815	20,116
Operating Expenditure	**35,014**	**36,594**	**39,749**	**42,082**	**44,136**
Gain/(Loss) on Investment Properties	17,835	10,160	(34,047)	29,163	(22,650)
Operating Surplus	**40,989**	**56,525**	**26,847**	**71,863**	**17,648**
Operating Margin (%)	***70%***	***68%***	***27%***	***85%***	***21%***
Finance Costs	(8,683)	(10,110)	(12,544)	(14,351)	(15,428)
Property Valuation Adjustments	(10,791)	(72,984)	13,767	8,738	(58,826)
Gain/ (Loss) on sale of property	(134)	0	0	0	0
Total Comprehensive Income	**21,381**	**(26,569)**	**28,071**	**66,250**	**(56,606)**

<u>Rental income</u>

Investment in the new build programme & assumed rental increases will generate 29.0% growth in rental income over the next 5 years. Net rental income includes service charge income which is received in relation to a number of services provided to tenants including heating, stair-lighting, gardening, support services and equipment.

<u>Grant income</u>

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

Expenditure

Operating expenditure is forecast to increase by £9.1m over the five year period. This is due to a number of factors, including additional management and repair costs linked to the additional stock, inflation, and higher depreciation charges linked to investment in new and existing housing stock. This increase is lower than the anticipated growth in income, as efficiencies generated from Group and changes in how staff deliver our services is expected to reduce the average operating cost per unit, excluding depreciation and inflation by 13.3% over the 5 years of the projections from £3,197 in 2023/24 to £2,772 in 2027/28.

Finance Costs

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

Property Valuation Adjustments

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

Total Comprehensive Income

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

Over the five year period total comprehensive income is £32.5m

b) Statement of Financial Position

Table 17 – Statement of Financial Position

Statement of financial position	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Housing Assets	486,192	464,138	508,845	540,482	524,164
Other Fixed Assets	9,665	9,461	9,046	8,643	8,183
Investment Properties	95,817	130,827	108,050	166,191	176,903
Total Fixed Assets	**591,673**	**604,426**	**625,941**	**715,316**	**709,249**
Current Assets	16,216	16,190	16,057	16,038	16,011
Current Liabilities	(69,958)	(70,715)	(50,904)	(47,057)	(53,535)
Net Current Assets	**(53,742)**	**(54,525)**	**(34,848)**	**(31,020)**	**(37,524)**
Long-Term Liabilities	(274,359)	(312,897)	(326,019)	(352,973)	(397,008)
Net Assets	**263,573**	**237,003**	**265,074**	**331,324**	**274,718**
Retained Earnings	263,573	237,003	265,074	331,324	274,718
Total Reserves	**263,573**	**237,003**	**265,074**	**331,324**	**274,718**

Housing Assets

Housing and Investment properties have been adjusted to reflect annual valuation movements. Properties are reported at cost within the Balance Sheet during construction and at value once complete. Over the five year period, the value of housing and investment properties is expected to increase by 20.5%, due primarily to the construction of new build properties.

Other Assets

The value of our other assets, which include improvements to our office and environmental equipment purchases, are projected to reduce £1.5m over the course of the five-year plan. This is mainly due to depreciation of the assets, in particular depreciation of New Mart Road offices which has seen over £2m of investment in 2022/23.

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

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

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

Long-Term Liabilities
Long-term liabilities predominantly relate to the loans due from WHE to Wheatley Funding Limited 1 ("WFL1"), THFC, and Allia. The balance due to WFL1 peaks in 2032/33.

Retained Earnings
During the five year period from 1 April 2023, retained earnings are projected to increase by the reported total comprehensive income of £32.5m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

c) Cashflow

Table 18 – Cashflow Projections

Cashflow	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Net rental income	42,374	44,730	49,463	53,626	57,168
Operating Expenditure	(22,242)	(21,832)	(22,939)	(23,780)	(24,537)

Net Cash from Operating Activities	**20,131**	**22,898**	**26,524**	**29,846**	**32,631**
Core and other Capital Expenditure	(9,663)	(8,630)	(8,893)	(8,581)	(9,794)
New Build Expenditure	(88,776)	(80,091)	(48,686)	(60,636)	(84,274)
Proceeds from sale of property	580	0	0	0	0
Grant income	52,807	21,163	22,228	30,867	39,948
Net cash used in investing activities	**(45,052)**	**(67,559)**	**(35,351)**	**(38,350)**	**(54,120)**
Finance costs	(8,513)	(11,064)	(12,812)	(14,089)	(15,470)
Net movement in cash	**(33,433)**	**(55,724)**	**(21,639)**	**(22,593)**	**(36,959)**

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 62.1% in five years. Rent increases and the completion and handover of 1,301 new build properties, creates additional rental and lease income; the positive movement being further assisted by the operating cost per unit decreasing 13.3% over the same period.

Net Cash used in Investing Activities

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

Finance Costs

Finance costs relate to the interest due on our loans with WFL1, THFC, and Allia. As expenditure is incurred to pay for our new build programme, WHE will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2032/33.

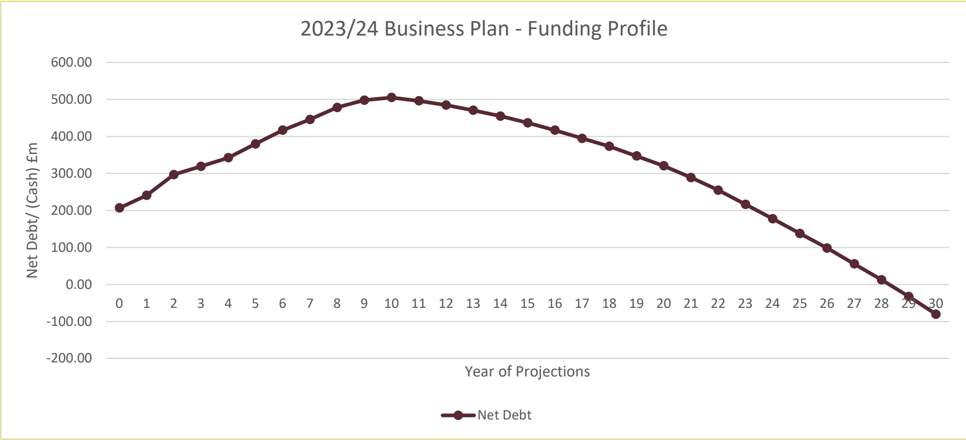
Net Movement in Cash

Across the five years of the plan we anticipate a £170.4m net cash outflow. This is due to the significant investment in our existing properties the new build programme, in line with our strategic objectives.

4. Funding and debt profile

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

The resulting debt profile for WH East is as follows:



Indicator	Value
Peak debt	£507.5m
Peak year	2032/33
Repayment year	2051/52 (year 29)
Closing cash	£80.3m

5. Key Parameters

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

5.2 Operating margin generation

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

Operating Margin	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Total Income (excluding grant income and property valuation movement)	42,321	44,193	48,817	53,093	56,624
Adjusted Operating Surplus	7,307	7,600	9,068	11,011	12,489
Adjusted Operating Margin (%)	***17.26%***	***17.20%***	***18.58%***	***20.74%***	***22.06%***

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

5.3 Cashflow strength

Cashflows need to be sufficient to demonstrate that there is sufficient cash available to service intra-group debt each year and to repay funding within 30 years. Revenue surplus removes items that are non-cash and/or unrelated to operations, such as grant income, depreciation and property valuation movements, to assess the funds available to meet interest payments after deducting spend on capital investment. A ratio >1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be comfortably over 1 to demonstrate sufficient capacity to repay capital.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
EBITDA	**20,803**	**22,873**	**26,390**	**29,826**	**32,605**
Less Capital Investment (Existing Properties)	(8,620)	(7,711)	(7,900)	(7,635)	(8,911)
EBITDA MRI	**12,184**	**15,162**	**18,490**	**22,192**	**23,693**
Net Interest Payable	(8,696)	(10,135)	(12,581)	(14,401)	(15,478)
Interest Cover	**1.40x**	**1.50x**	**1.47x**	**1.54x**	**1.53x**

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

Over the longer term it is projected that debt can be repaid in year 29 of the plan with £80.3m of cash generated by year 30.

5.4 <u>Asset cover</u>

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

[redacted]

Loan to value is [redacted]% in 2023/24 and moves gradually up to [redacted]% in 2030/31, remaining fairly constant thereafter. This is comfortably below the golden rule policy level of 70% loan to value and demonstrates the financial capacity available in WH East to increase the size of their new build programme.

6. Risk analysis

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

#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.40**	**1.50**	**1.47**	**1.54**	**1.53**	**505,005**	**29**	**80,319**	**64%**	
1	Cost inflation remains at 5% in year 2	**1.40**	**1.45**	**1.42**	**1.49**	**1.48**	**521,297**	**30**	**11,634**	**65%**	Expected reduction in interest cover is realised. Performance monitoring to identify other cost areas of the business where efficiencies may be available in order to realise potential savings.
2	Rent increase reduced to 2% from year 2, for the duration of the plan	**1.40**	**1.48**	**1.41**	**1.45**	**1.41**	**523,744**	**31**	**2,500**	**65%**	Reduction in rental income results in worsening of interest cover, increased debt and reduced closing cash. Performance management, efficiency savings and review of services required to reduce costs.

#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.40**	**1.50**	**1.47**	**1.54**	**1.53**	**505,005**	**29**	**80,319**	**64%**	
3	Bad debts increased by 1% from year 1	**1.36**	**1.46**	**1.43**	**1.51**	**1.49**	**513,290**	**29**	**39,339**	**64%**	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs
4	Employee costs - planned savings are not achieved	**1.47**	**1.47**	**1.45**	**1.52**	**1.51**	**510,277**	**29**	**59,573**	**64%**	Improvement of interest cover in Y1 as a result of no initial ER/VR cost required to assume savings. Reduction in interest cover is realised Y2 onwards. Performance monitoring to identify other cost areas of the business in which savings could be made.
5	Management costs - are £250k higher per annum from year 2	**1.40**	**1.47**	**1.45**	**1.52**	**1.51**	**510,859**	**29**	**58,178**	**64%**	Performance monitoring to identify overspends and areas where efficiencies can be realised.

#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.40**	**1.50**	**1.47**	**1.54**	**1.53**	**505,005**	**29**	**80,319**	**64%**	
6	Maintenance costs are 5% higher per annum from year 1	**1.36**	**1.46**	**1.44**	**1.51**	**1.50**	**512,360**	**29**	**50,254**	**64%**	Performance monitoring and service review to identify areas where savings can be achieved
7	Additional Investment spend of £3m over yr 2-4 - for new standards and regulations	**1.40**	**1.39**	**1.38**	**1.45**	**1.51**	**512,196**	**29**	**68,068**	**64%**	Procurement savings and efficiencies to be sought. Review of investment programme to identify non-essential spend or works that could be deferred to a later date to accommodate additional costs within existing provisions.
8	New Build, full programme is delayed by 6 months for those not currently on site	**1.39**	**1.51**	**1.49**	**1.56**	**1.54**	**510,550**	**29**	**62,300**	**63%**	Delay delivers an improvement to interest cover as financing costs are reduced. Potential to ramp up programme delivery in later part of the plan to be sought, to offset the earlier delay.

#	Risk Description	Year 1	Year 2	Year 3	Year 4	Year 5	Peak net debt - £m	Debt Repaid	Cash (Year 30)	Max LTV	
-	Base case	**1.40**	**1.50**	**1.47**	**1.54**	**1.53**	**505,005**	**29**	**80,319**	**64%**	
9	New Build - all developments in base case due to start from 2025/26 - are pulled from programme	**1.40**	**1.50**	**1.47**	**1.54**	**1.54**	**472,012**	**28**	**87,124**	**59%**	No real effect on interest cover. Only change in year 5 of 0.01 due to reduced financing costs. Peak debt reduces as borrowings reduce as funds no longer needed for developments. Cash at year 30 increases as cash is not being spent on developments
10	Inflation increased 0.5% Y2-4, £1.5m additional repair cost over Y3-5 & bad debts increase 0.5% for duration of the plan	**1.38**	**1.47**	**1.39**	**1.45**	**1.44**	**522,228**	**30**	**4,755**	**65%**	Interest cover reduces in all years as anticipated. Peak debt increases and cash in year 30 reduces. Performance monitoring and service review to identify where savings can be made

Wheatley Homes East

Report

To: Wheatley Homes East Board

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

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

Subject: Five-year Capital Investment Plan in Existing Homes

Date of Meeting: 9 February 2023

---

1. Purpose

1.1 To seek Board approval of the five-year capital investment plan in existing homes for the period 2023-28 (investment plan).

2. Authorising and strategic context

2.1 Under our Terms of Reference, set out in the Group Standing Orders, we are responsible for the approval our five-year capital investment plan.

2.2 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. It also supports our wider Strategic ambition from 2021-26 strategy in relation to reducing carbon emissions by 20,000 tonnes across all our group subsidiaries.

3. Background

3.1 Our investment plan details our approach to capital improvement work across our existing homes and environments over the next five years. This plan is reviewed and updated annually to reflect changing customer expectations, emerging regulatory requirements, and new strategic investment objectives.

4. Discussion

<u>Overall programme</u>

4.1 Our investment plan includes a core programme budget of £17.6m, which will be directed towards major property and environmental improvement works. In addition, the programme includes over £9m for improvements and capitalised repairs to void properties and £1.04m to support the delivery of major medical adaptations to help customers remain independent in their homes for longer. Grant applications are submitted to Edinburgh Council and Scottish Government for major adaptations. The total capital programme over the next five years equates to over £27.6m.

4.2 Our 2021-26 strategy committed to delivering £29.7m capital expenditure in our existing homes. The total capital programme over the next five years equates to £27.6m which is slightly below this target but which will be the subject of ongoing review. This includes an allocation of on-costs for our technical asset staff, who play a key role in delivering our investment programmes.

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

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

Further details of the programme that make up these themes is provided at Appendix 1.

Warm homes

4.4 This theme encompasses our energy efficiency and internal modernisation programmes. We plan to invest £3.4m over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation and the commencement of a programme to upgrade existing fossil fuel reliant heating systems with low and zero-carbon alternatives.

4.5 Our investment plan sets out an approach to introduce hydrogen ready boilers from 2025. This is in response to the UK Government's ambition to decarbonise the gas network via blending hydrogen with natural gas. Due to the increasing uncertainty around the potential future role of hydrogen for domestic heating at any significant scale, we will ensure our investment plans remain agile to any changes in approach including as outlined in our sustainability framework.

4.6 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing heat demand and fuel poverty but will also assist in relation to the objectives of our sustainability framework and delivering our legislative obligations in relation to the Scottish Government's Energy Efficiency Standard for Social Housing ("EESSH2").

4.7 This new standard requires, as far as reasonably possible, that properties reach Energy Performance Certificate ("EPC") Band B by 2032, although exceptions are permitted on the grounds of cost, feasibility, and consent. The Scottish Government proposes to review the EESSH2 in 2023 to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in their Heat in Buildings Strategy and the Housing to 2040 Route Map. Our wider strategic approach to the delivery of EESSH2 will be informed following the outcome of this review

Quality Homes

4.8 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our investment plan includes for the installation of over 360 new kitchens. This programme will include a combination of reactive replacements in voids and life cycle replacements within occupied properties.

Wheatley Care Portfolio

4.9 Our investment plan includes £250k of improvements to Wheatley Homes East core stock assets where Wheatley Care services are provided. This five-year programme has been informed by a condition survey undertaken by Wheatley RIC Investment Team in the summer of 2022. This was further supplemented through engagement with the site-based care teams to understand staff and customer priorities and the sequence of the programme has been profiled on that basis.

4.10 The planned work will predominantly focus on the improvement of common areas and community spaces including redecoration, new flooring and furniture, improved lighting and the upgrade of communal kitchen and bathroom facilities. Environmental improvements will also feature with new bin storage provision and new fencing and paths included. Further detail on this programme can be found in appendix 1.

Safe Homes

4.11 Our investment plan places a strong emphasis on ensuring our homes remain safe and secure, supporting Group's Fire Prevention and Mitigation Framework. Over the five years of our investment plan, we will deliver over £1.81m of improvements across a range of Home Safety related programmes encompassing:

- Domestic wiring upgrades where required through our periodic electrical inspection regime,
- Installation and/or lifecycle replacement of smoke and heat detection across all stock types,
- Installation of Thermostatic Mixer Taps for our most vulnerable customers,
- Upgrade of vital Mechanical & Electrical communal infrastructure
- Fire Stopping

4.12 Our investment plan also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

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

4.14 Our investment plan will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and environments.

Mechanical & Electrical Infrastructure Upgrades

4.15 Our investment plan recognises the importance of our M&E infrastructure in ensuring our homes function correctly. This is particularly important in flatted complexes where vital services are required such as ventilation, water supply, CCTV, and lifts. Our plan includes over £900k for planned improvements to critical M&E components including the lifecycle replacement of pump sets and water storage tanks and ventilation plant.

Mould and Damp

4.16 We recognise the negative impact that damp and mould can have on our customers' health and quality of life and this has led to the development and introduction of enhanced processes and procedures across the Group.

4.17 Our investment plan includes for a number of energy efficiency measures including new heating systems, energy efficient door and window installations and targeted mechanical ventilation upgrade works

Year 1 programme (2023/24)

4.18 Our capital programme in Year 1 (2023/24) of the five-year plan has a total value of £6.059m. This includes almost £4,154m for major property improvements, £1.707m for capitalised repairs and improvements in void properties and £197k for major medical adaptations.

5. Customer Engagement

5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.

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

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

- Gives customers greater control of their home by choosing how and where investment is delivered,
- Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
- Adopts new technologies to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.

Stronger Voices Investment Programme

5.4 Our investment plan includes our 'Stronger Voices' budget in support of this framework, which will deliver £548k of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over £7m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens, bathrooms, common area improvements and environmental improvements.

6. Environmental and sustainability implications

6.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £4.75m of energy efficiency improvements over the life of the five-year plan, which equates to 27% of the total core programme spend.

6.2 Year 1 (2023/24) investment work has an anticipated carbon reduction value of 198 tonnes CO_2, which contributes towards the overall group annual target of 4000 tonnes CO_2 resulting from investment in our homes. This analysis shows the following anticipated CO_2 reduction impact across core programme investment activities in Year 1 (2023/24). Each new energy efficiency measure installed also provides an uplift to the property EPC score, which helps towards compliance with EESSH2. We remain on track to deliver our 20,000 tonnes target across all group subsidiaries by 2026 with WHE contributing to the cumulative group carbon savings so far over 12,000 tonnes.

Element of Programme	CO_2 reduction in tonnes	EPC score improvement
Gas Heating	10	+ 0 points
Windows	7	+ 9 points
EWI	59	+ 10 points

7. Digital transformation alignment

7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to an office to view investment plans and make choices. Now, we will look to provide more interactive and convenient methods for the customer to inform investment in their homes.

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

8. Financial and value for money implications

8.1 In accordance with the Group's Value for Money statement the investment programme will deliver value for money in several ways including:

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

8.2 The core investment programme of £17.6m is contained within the overall £27m five-year capital investment programme as set out in the 2023/24 financial projections.

9. Legal, regulatory, and charitable implications

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

10. Risk Appetite and assessment

10.1 Our agreed risk appetite for investing in existing homes and environments is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level". This risk appetite is mirrored here in relation to the investment plan .

11. Equalities implications

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

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

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

12. Key issues and conclusions

12.1 Our core investment programme will deliver over £17m of planned improvements in our property portfolio over the next five years.

12.2 The continuing focus of our programme is on delivering improvements that contribute the greatest value to our tenants and communities, with over 60% of our core programme geared towards known customer priority investment.

12.3 Customers will continue to shape our investment plans through our £548k Stronger Voices programme and we will empower housing officers to make investment decisions at the front line that delight our customers through our £245k Think Yes for Investment programme.

12.4 Safety remains a key priority for us with over £1m earmarked for property compliance and fire safety related works over the next five years.

12.5 Our investment plan will support the objectives of our sustainability framework, specifically around the decarbonisation of our fossil fuel heated property portfolio and the delivery of EESSH2.

12.7 There is increasing uncertainty around the planned introduction of hydrogen blending into the UK gas network, therefore our investment plans will be agile to react to any change in direction, including the consideration of alternative low and zero-carbon alternatives.

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

13. Recommendations

13.1 The Board is asked to approve Wheatley Homes East Five-Year Asset Investment Programme 2023-2028.

LIST OF APPENDICES:
Appendix 1: Five-Year Capital Investment Plan 2023-28

Appendix 1: Wheatley Homes East Five-Year Investment Plan 2023-28

WHE PROGRAMME (INC VAT)					
WorkGroup	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gas Heating	100	100	150	150	200
Electric Heating Renewals	272	177	150	100	100
Low-rise Fabric	200	150	200	150	350
Pre-1919 Tenements (Major Fabric Repair)	695	695	750	695	750
Pre-1919 Tenements - Internal Retrofit (SHNZ funded 0% Vat)	650	0	0	0	0
Kitchen	250	250	241	200	200
Bathroom	484	420	420	350	400
Rewire	0	0	0	0	240
Windows & Doors	450	400	400	366	400
Environmental	180	180	150	150	200
Common Work	200	180	180	130	341
Mechanical & Electrical	0	0	100	100	200
EESSH/Archetype Specific Energy Measures	136	100	100	100	150
Lift Replacements	70	80	100	100	150
Fire Safety	110	110	110	110	150
Stronger Voices	148	100	100	100	100
Think Yes for Investment	49	49	49	49	49
Core Programme Total	**3,994**	**2,991**	**3,200**	**2,850**	**3,980**
Smoke/Heat Detector Installs	50	50	50	50	150
TMV Taps	110	121	0	0	0
Capital Compliance Total	**160**	**171**	**50**	**50**	**150**
Core Programme & Capital Compliance Total (INC VAT)	**4,154**	**3,162**	**3,250**	**2,900**	**4,130**

Over the next five years **£17m** will be invested in our homes and communities. Output projections for some of the **key** investment work streams **over the next five years** are shown below:

Heating

The Central Heating programme has a total value across the five years of **£1.5m**. The programme consists of **£700k** for reactive gas boiler replacements where existing boilers breakdown and cannot be repaired. The programme currently assumes a transition to hydrogen ready boilers from 2025/26. The timing and delivery phasing of this programme will be closely aligned with the geographical roll out of the wider decarbonisation of the national gas network. A further **£800k** will be invested to continue our delivery of our intelligent Quantum heating program. We expect around 80 homes to benefit from these improvements during 2023/24. The intelligent Quantum heaters provides the customer with greater control of when they heat their homes, whilst also saving money of their energy tariffs with 22% less energy use than existing storage heating.

Pre 1919 Tenements

Our 5-year plan includes **£3.585m** for the refurbishment of our Pre 1919 tenemental stock within the city centre. This programme will support the delivery of sandstone and roof repairs to mixed tenure blocks within our Gorgie, Dalry, Fountainbridge and Granton localities. This work has enhanced the reputation of Wheatley Homes East as an enabler within mixed tenure, helping to protect the long-term future of these historic and culturally important buildings.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of roof and fabric repairs to our Post 1990's stock. We have made provision of over **£1m** over the next 5 years to accommodate the delivery of drone surveys and roof refurbishments to our properties with historic water ingress that will provide a permanent solution for our customers. In 2023 we will see the renewal of the roof coverings to Morrison Crescent and Grove Street.

Kitchen, Bathroom and Rewire (KBR)

We plan to invest almost **£3.5m** in new kitchens, bathrooms and rewiring over the next 5 years. **£1.14m** will be allocated to delivering kitchen installations on a planned and hoc basis. A further **£2m** will be allocated to the early commencement of life cycle bathroom replacements, which is high investment priority for our customers. During 2023/24 we will commence kitchen and bathroom replacements to Belvedere Place, Mill Court Waverly Place, Slateford Green and Gorgie Park Close.

Windows and Doors

We plan to spend over **£2m** on window replacements over the next 5 years, benefitting over 400 customers. The programme will include ad hoc, reactive installations where we have previous been refused access and planned lifecycle replacements. 2023/24 will see the replacement of inefficient and obsolete timber windows at our Nort Fort Street, Castle Place, Skibo Court and Pirrie Street Developments. This will help the energy efficiency of these homes.

Environmental

We will invest **£860k** in improving the environment within our communities over the next five years. The programme will include common improvements for our tenement stock including rear garden areas, improved drainage, new bin storage provision and paths. In 2023/24 we will commence phase 2 of boundary and retaining wall replacements at our Gracemount development.

Common Works

We have allocated over **£1m** to deliver common area improvements encompassing investment such as improved security via new controlled entry systems, CCTV, new flooring, energy efficient lighting and decoration to our common stairs. In 2023/24 we will complete phase 2 of our Slateford Green project.

Mechanical and Electrical

We will invest **£400k** via our Mechanical and Electrical (M&E) programme. The 5-year plan will include for the replacement of vital service components such as communal fans, water tanks, pumps, and CCTV.

EESSH2

We currently await the outcome of the Scottish Government's review of the current EESSH2 standard, expected later in 2023. Our investment plan makes provision of **£586k** that will include EWI for our Steel framed non trad properties at the Frasers & Findlays, EPCs and data cleansing.

Fire Safety

£590k has been allocated over the 5-year plan to fund, firestopping within our common stairs and enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs.

Lifts

We will invest **£500k** in new efficient and reliable lifts within our post 1990's stock.

Stronger Voices

We are committed to putting our customers in control of investment decisions, which affect their homes and communities. We have allocated **£548k** to deliver customer driven investment works over the next 5 years. Our dedicated Stronger Voice budget will help our local housing management teams deliver on their customers' investment priorities identified through the ongoing engagement activities.

Think Yes for Investment

We introduced a new staffing facing initiative in 2022/23, which empowers our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. We will continue to support this programme over the next five years with **£245k** allocated to support housing officers in instructing small improvements such as additional kitchen wall units or tiling or painting a stair where they feel the work is justified and is a priority for customers.

Capital Compliance

£581k of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations. This programme will encompass, smoke and heat detector lifecycle upgrades across all stock types and the installation of new Thermostatic Mixer Taps in vulnerable tenancies.

Report

To: **Wheatley Homes East Housing Board**

By: **Laura Henderson, Managing Director**

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

Subject: **Customer Insight: Improving satisfaction with our management of neighbourhoods**

Date of Meeting: **9 February 2023**

---

1. Purpose

1.1 This report provides Board with an update on the work we do to support and strengthen neighbourhoods and customer satisfaction with the management of neighbourhoods. This is particularly important in light of the feedback from customers in our pulse survey late last year.

2. Authorising and strategic context

2.1 The first priority in our Group Strategy is *Delivering exceptional customer experience*. We aim to deliver outstanding services with a strong focus on engagement with tenants as part of this.

2.2 We also identified as part of our strategy how we would look to tailor our services for different customer segments to respond to varying satisfaction levels, such as for families. This report sets out how we are doing this in relation to neighbourhood management.

3. Background

3.1 We have not been able to undertake our usual annual surveys due to the Pandemic. As a result, it was agreed that smaller scale pulse surveys would be undertaken during 2022 to establish a post Covid baseline and test the changes in satisfaction. The pulse survey showed that customer satisfaction with our management of the neighbourhood was 78%.

3.2 While there were many positives, the pulse surveys revealed some issues around the neighbourhood were potentially negatively affecting satisfaction levels. This correlated with insight received during other engagement with customers. For example, the families research conducted in 2022 revealed that anti-social behaviour affected satisfaction. While drug dealing was one issue, lower-level issues including noise were also highlighted.

3.3 In addition, we know from our complaints process that customers quickly become dissatisfied if their stairs and open areas are not at the standard they expect. In both circumstances it is clear from customer feedback that communication is particularly important to help customers understand what can be done and to resolve any issues quickly.

3.4 Our Group Strategy 2021 -2026: Your Home, Your Community, Your Future set two key targets in relation to neighbourhood services:

- Over 70% of our customers live in neighbourhoods categorised as peaceful
- Achieve 85% satisfaction with Wheatley Environmental Services

3.5 Improvements in satisfaction with our neighbourhoods will also contribute to the following overall customer satisfaction measures:

- Overall customer satisfaction is above 90%
- RSL tenant satisfaction with value for money is increased to 85%
- Overall satisfaction among households with children is improved to 90%

3.6 Our customer engagement around neighbourhood services will contribute to improvements in the following measures:

- 90% of customers feel they can participate in the landlord's decision making
- 95% of customers who are actively engaged in shaping services feel they participate in decision making

3.7 When we undertake a full annual satisfaction survey, we ask our customers about their level of satisfaction with the management of the neighbourhood. The results for this measure are reported as part of our Annual Return on the Charter.

3.8 Satisfaction with neighbourhoods can also be influenced by other partners – for example in relation to transport links, crime, bin collections etc. This is likely to be particularly evident with the economic pressures and reduced funding which are likely to further reduce services from partners. Our strategic commitment to develop a Wheatley Place measure will help us to identify the specific issues for local areas and work to address these ourselves or with partners.

4. Discussion

4.1 Our customer insight has identified three key priority issues to improve customer satisfaction with our management of neighbourhoods:

- Addressing Anti-Social Behaviour (ASB), in particular noise nuisance
- Communication around our actions on anti-social behaviour (ASB)
- Understanding the services we provide through our Neighbourhood Environmental Team (NETs) and being able to provide feedback on these

ASB and Noise - Actions

4.2 The table below outlines the actions we have taken or are undertaking in this area.

Action	Timescale
Improve our response to noise issues through use of the new Noise App	Complete August 2022
Implement digital feedback through the MyVoice programme	Autumn 2023
Implement ASB Framework:	
Review of ASB streetwise system	Complete September 2022
Develop a Group Neighbourliness Charter	Complete December 2022
Develop and deliver Prevention & Solutions approach	Developed & currently in pilot in the West
Explore a methodology for the Wheatley Place Measure	Commenced December 2023

4.3 Across Group almost 50% of ASB calls are related to noise nuisance and customers have told us through various engagement events that this is an issue that causes dissatisfaction. Historically, it has been difficult to deal with noise concerns because of a lack of evidence – for example it is only being heard by one person. Additionally, some everyday living noise such as sounds of walking or washing machines are contributing to customer concerns about noise. Tolerance levels towards noise plays a factor in this. These types of issues are not classified as ASB.

4.4 As a result, we have often not been able to provide the complainer with the response they would like in relation to tangible action. In general, noise issues will also not be prioritised by the Police as they will prioritise the most serious issues. Despite this we know that they are a frequent cause of dissatisfaction in neighbourhoods.

4.5 Our ASB services have been rebranded using the “Keeping the peace” slogan which now features regularly on our digital media with encouragement to customers to “keep the peace”. The posts give examples of household noise that can be disruptive and asks our customers to consider whether they are ‘keeping the peace’. Engagement levels with customers on social media with our “keep the peace” campaign have already been positive.

4.6 To help address customer concerns and provide a better service, we have introduced a noise app which can be provided to customers who are experiencing issues and have access to a smart device. Once available a customer can capture excessive noise using the app.

4.7 The app records up to 30 seconds of noise and provides a date, time and GPS location of where the recording was made. The customer is prompted to provide where they think the noise is coming from, what they think the cause is, and to provide an indication on a scale of 1-10 of how excessive they believe the noise was.

4.8 This provides a number of avenues to help the customer. In many cases when neighbours are aware that the noise app is being used it is often enough to result in modified behaviour. It can also be used as a basis for discussion with the perpetrator to understand the impact of noise or with the victim to consider the realities of daily living noise. For example, in one particular case, the noise nuisance issue related to the use of white goods in the evening. A noise app recording was captured and when this was explained to the customer using the white goods, they recognised this to be an issue and modified their behaviour accordingly, alleviating the problem.

4.9 Where discussions are not successful, the app also provides stronger evidence for any action we may be able to take, this includes the ability to use a recording as evidence of corroboration in court.

4.10 At present the app is used on a case-by-case basis, usually where there have been repeated complaints about noise and potential anti-social behaviour. Between April to December 2022 it was used by 8 of our customers.

4.11 We continue to implement our Anti-Social Behaviour Framework, *Peaceful Places in Thriving Spaces*, which was approved by the Board in 2021. It runs in alignment with our Your Home, Your Community, Your Future Strategy timescales. The Framework sets out our approach to ensure our communities are calm and peaceful places to live, with customer engagement at the heart of developing our actions.

4.12 During 2022 the CIP undertook extensive staff workshops engaging with staff to identify how the current Streetwise platform could be improved. The CIP have actively been working with MRi Software developers to create a new super Streetwise. This new platform will be a single Group wide platform incorporating a number of upgrades that will improve ease of use and provide better data to analyse trends, identify patterns and target resources more effectively. Training for all frontline and CFC colleagues is underway for the upgraded platform and will go live on 1 April 2023.

4.13 In line with our strategic commitment, we have developed a Neighbourliness Charter. This charter, co-created with customers will be published on our websites. It sets out our commitments to customers around creating neighbourliness in our communities. Thirty-five of our customers participated in focus groups to provide feedback on their experience and input into how a Neighbourliness Charter could have a positive impact in their neighbourhoods. We continue to work with customers to develop the action plan that will support achievement of the Charter commitments.

4.14 Our customers have told us that they become particularly dissatisfied where there is repeated ASB and they feel that we have not been able to resolve this. In response a Prevention and Solutions Team is being piloted in Glasgow which focuses on avoiding escalation of repeat cases of ASB, with a particular focus on identifying cases which involve vulnerability such as mental health or addiction issues.

4.15 The Prevention and Solutions Team, comprises one Anti-Social Behaviour Prevention and Early Intervention Officer and 2 designated Police Officers from our Community Improvement Partnership. They have also established an agreed approach with the Local Authority's Complex Needs Case Team, to support the most vulnerable customers who are repeat perpetrators of recorded ASB. Relevant staff meet with the Complex Case Team every 2 months to discuss individual cases of concern with the aim of understanding and managing the factors contributing to ASB such as addiction or mental health concerns. This supports a joined-up approach and ensures statutory intervention as required. The impact of this will be monitored through the changes in the levels of repeat ASB and if the findings prove to be successful the service will be expanded to our customers.

4.16 Our Group Strategy contains a commitment to develop a "Wheatley Place" measure that reflects the criteria that customers identify as crucial to a successful and resilient community. We are currently considering the use of the Place Standard tool for this purpose. This is an international measuring tool that is already used in Scotland and across Europe by planning authorities and other agencies. It provides a consistent way of assessing neighbourhoods. Whether the place is well-established, undergoing change, or is still being planned, it provides a simple framework to structure customer conversations about place, based around 14 questions.

4.17 Using this standard to inform discussions and thinking with customers would help us to consider about the physical elements of a place such as the buildings, open spaces, and transport, as well as the social aspects like whether people feel they have a say in decision making. The tool provides prompts for discussions, allowing us to consider all the elements of a place in a methodical way. It pinpoints the assets of a place as well as areas for improvement. Piloting this approach will allow our communities to assess whether it works for them and give us a potential framework for engagement at a geographical level.

4.18 Our work in neighbourhoods will be affected by our Partners' approach over the coming years. We know that local authorities, police and fire services are likely to face spending cuts. Changes in service levels from partners is likely to increase demand on our own service.

4.19 Our positive relationships with our partners e.g. local policing, Local Authority Health and Social Care Partnerships and elected members is vital to addressing issues within our neighbourhoods. With monthly ASB tasking meetings with community police, open dialogue with elected members and regular case discussions with HSCP's, we continue to work together to address local issues in a challenging climate.

ASB and noise – customer insight and engagement

4.20 We continue to monitor the success of the noise app through the impact on the number of calls related to noise and the number of cases resolved by discussion. As we deploy more direct customer feedback, we will be able to link use of the noise app with positive feedback about the result of the case from the customer. Our MyVoice platform, once operational, will ask customers who have reported anti-social behaviour to assess how satisfied they were with the way this was investigated and resolved.

4.21 The CIP are currently engaging with nine of our families who were involved in the families research, to better understand what improvements or enhancements could be made to our service delivery to increase their confidence and levels of satisfaction, in the way we respond to reports of anti-social behaviour.

4.22 Our families research early in 2022 identified ASB as a key issue for customers with families. The further work will involve more detailed exploration of the issues they have raised as concerns and trial solutions with them. The identified families have received a questionnaire to gather feedback on levels of ASB and perceived issues. Following on from this we will be arranging focus groups and customer journey mapping with affected customer voices to identify the parts of the process which work less well for customers.

4.23 The families research also identified tenements as particularly challenging places for families to live. Noise and anti-social behaviour were not the only drivers of this, but participants did identify noise and sound proofing as a particular issue in tenement flats. As a result, Group are undertaking a pilot project this year. This will work with families and other customers in a small group of tenements to identify what are the main concerns in relation to noise.

4.24 The pilot will bring expertise from across the business including housing staff, investment staff and Wheatley 360. It will consider a wide range of options. Some may be simple interventions that could work in a similar way to the suite of items we have to help fire safety. For example, effective soft door close mechanisms and vibration mats for under washing machines. It will also consider more structural options for sound proofing within the limits of the investment budget.

Communication about our role and actions related to ASB

4.25 The key actions to improve communication and engagement around ASB are outlined in the table below:

Action	Timescale
ASB customer awareness sessions	Complete
Local newsletters	March 2023

4.26 Customers have fed back to us that they are not always clear on our approach to ASB and what we are doing in their neighbourhood. In order to strengthen this we are using targeted interventions in key areas where we work closely with the customers to identify and resolve issues. We are also delivering stronger and clearer messaging through social media, the development of local newsletters and ongoing engagement.

4.27 The Community Improvement Partnership (CIP) has also delivered ASB Customer Awareness sessions across all our RSLs. These involved thirty-five of our customers from a range of ages, geographies and household types. This was used to better understand the main issues that are affecting communities. The main issues related to noise nuisance, drug dealing and safe places for children to play.

4.28 In response, the CIP developed the pilot Prevention and Solutions Approach highlighted above. This uses data from the noise app and Streetwise ASB management platforms to target specific repeat perpetrators. This approach has been very successful in preventing further complaints and has contributed to 72.8% of Group tenancies being categorised as 'Peaceful'.

4.29 Across Group we are developing local newsletters to ensure customers are better informed about our work, services and achievements. Data Protection regulations limit what we can say to other customers about individual cases, but we are working with the Information Governance team to establish how we can provide more information to customers on their particular complaint.

4.30 All our housing officers are trained in the submission of community information and intelligence. We know that good information and intelligence helps us to be proactive in communities and that it also drives police service. We have now created short customer questionaries that ask customers about their experiences of anti-social behaviour and what their local priorities for action are.

NETs communication and feedback

4.31 The key actions around our NETs service are outlined in the table below:

Action	**Timescale**
Implementation of NETs app	Underway
Environmental campaign and week of action	March 2023
Customer feedback through MyVoice and NETs app	Summer 2023

4.32 Our NETS mobile app was introduced in December. The mobile app provides a significant transformation to the way the NETS teams currently operate. All work scheduling and work orders will be sent directly to the NETS staff members' mobile device to allow them to carry out tasks while they are out working within communities.

4.33 The app will allow increased productivity through the reduction in paper based systems and ending the need to travel to depots to be allocated work. Staff will be able to respond to customer requests in real time and will be allocated work much quicker than before. Customers will also see a significant change in terms of visibility of services provided by NETS. The online service which will be introduced in March 2023 will enable customers to view when works are scheduled and when they are completed. It will also show any ad hoc work carried out at or around their property.

4.34 This responds to important feedback from customers that they were not clear what services we provided and were not always aware of what work had been done. It also helps to address information that comes in from complaints where customers raise issues about services they believe should have been done. It will give both customers and staff quick access to service provision and any issues of service failure.

4.35 The app will also be used to provide information on all the value added services that our teams provide such as removing waste and tidying up areas which are not necessarily our ground. Feedback suggests that while customers value these services, they are not always clear that this is the result of NETs going above and beyond in supporting neighbourhoods where this is not always our responsibility.

NETs engagement and insight

4.36 The deployment of the app will be supported by a refreshed communication plan to ensure we are promoting our services much more effectively to our customers. Communications will also be used to help customers understand what we are responsible for and what is the responsibility of the local authority. This is likely to be particularly important in the coming year where there is the potential that local authorities will be looking to scale back some services.

4.37 Part of the communication plan will involve an Environmental Campaign in March. This will include a week of action with lots of activities within communities focusing on the environment. This campaign will encourage customers and partners to play their part in maintaining their local area and seek to generate ideas for future service delivery and frequency.

4.38 Our new “MyVoice” approach to rapid feedback is currently being developed. This will be used to obtain real time feedback from customers about the services they receive. This will show us how satisfaction is changing and will also allow us the opportunity to rapidly intervene to rectify issues that are causing dissatisfaction.

5. Customer Engagement

5.1 We have undertaken a range of customer engagements throughout the year to inform the development of services in neighbourhoods.

5.2 Our whole families research was a major project early in 2022 and has impacted our approach across a number of services. It provided extensive feedback from 1,800 survey responses across Group and detailed information from focus groups. This provided strong evidence of the importance of dealing with ASB, the need for better communication and the importance of noise related issues to our customers.

5.3 We are currently carrying out research with our customer voice customers to help ensure that we have suitable representation to match our tenant profile. The table below shows the current age profile of our customer voices compared to the detail recently provided via our Equality and Diversity responses.

Age group	Customer Voice	Equality & Diversity response
16-34	4%	11%
35-44	9%	13%
45-54	17%	18%
55-64	36%	19%
65+	33%	41%

5.4 The current wave of information has come from digital returns. Once that is complete, we will undertake further face to face work to cover all Customer Voices. This may change the overall percentages.

5.5 Returns so far show the following profile of customers by house type. Again, this may change as we move through the research process.

Stock type	Customer Voice %	Stock profile %
House	18%	16%
Tenement	71%	64%
Other flat/maisonette/4 in a block	11%	20%

5.6 The current data shows customers are most interested in engaging around repairs and maintenance, community safety, development and regeneration & scrutiny activities.

5.7 Further work is currently being undertaken on segmentation in relation to other protected characteristics. This will inform our work over 2023/24 to ensure our Customer Voices are as representative of our tenant base as possible.

5.8 During 2022, the CIP visited all RSLs and spoke with customers about issues or concerns relating to ASB. In 2023, further follow up work will be undertaken with families. The Wheatley Place pilot will also involve customers in detailed analysis of issues in their area.

5.9 The NETs team will also use Customer Voice Panels to engage customers in providing views on our Environmental Services. These are used to outline what we do and what we have achieved, Crucially, customers are able to give us feedback on what the team do well, what could we do better and what matters most to them in relation to our services.

5.10 The Group Scrutiny Panel will review environmental services as a key theme as part of its work. This is planned to take place in autumn 2023.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 This update sets out the use of digital transformation to help build satisfaction in our neighbourhoods. The work includes the roll out of:

- a new NETs app
- a new noise app
- The increased use of data analysis to direct services

7.2 These have all been included within the Digital Transformation Project or funded from existing resources

8. Financial and value for money implications

8.1 There are no financial implications arising from this update. Costs for delivery of projects are included within existing budgets.

9. Legal, regulatory and charitable implications

9.1 The Antisocial Behaviour etc (Scotland) Act 2004 is the primary legislation for dealing with antisocial behaviour in Scotland. The Act sets out a range of responses made available to Local Authorities and Police Scotland. The legislative framework that governs how the Group currently interprets and manages antisocial behaviour is contained within *the Housing (Scotland) Act* 2014 and *the Antisocial Behaviour etc. (Scotland) Act 2004.* The 2004 Act states that a person is engaging in antisocial behaviour if they:

- Act in a manner that causes or is likely to cause alarm and distress.
- Pursue a course of conduct that causes or is likely to cause alarm or to distress to at least one person not of the same household as them.

9.2 The *Housing (Scotland) Act 2014* further enhanced the powers available to social landlords for the management of antisocial behaviour. This includes:

- Social landlords will have the power to convert an existing tenant's Scottish Secure Tenancy (SST) to a Short SST (SSST) or to grant a SSST to a new tenant in cases where there is evidence that the tenant, a member of their household, or a visitor, has been involved in antisocial behaviour in or near their home within the last three years;

- Simplifying the eviction process in cases involving serious antisocial behaviour by allowing social landlords to make use of an existing conviction as grounds for possession. The tenant must have been convicted within the last 12 months; and

- Clarifying that a social landlord can suspend an application for social housing under certain prescribed circumstances.

9.3 The Scottish Social Housing Charter was introduced by the Scottish Government to help improve the quality and value of the services that social landlords provide, and support the Government's long term aim of creating a safer and stronger Scotland.

Outcome 6 of the Scottish Social Housing Charter states that:
"*Social landlords, working in partnership with other agencies, help to ensure that: Tenants and other customers live in well-maintained neighbourhoods where they feel safe."*

9.4 This outcome covers a range of actions that social landlords can take on their own and in partnership with others. It covers action to enforce tenancy conditions on estate management and neighbour nuisance, to resolve neighbour disputes, and to arrange or provide tenancy support where it is needed. It also covers the role of landlords in working with others to tackle antisocial behaviour.

9.5 The Scottish Housing Regulator have developed the following indicators to assess how well housing associations are managing complaints of antisocial behaviour and our wider estates:

- **Indicator 13:** Percentage of tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in; and

- **Indicator 15:** Percentage of antisocial behaviour cases in the last year which were resolved.

9.6 Our NETs work falls under our regulation as an RSL where we are providing services to tenants or factored owners of our RSLs.

10. Risk Appetite and assessment

10.1 Wheatley Homes East's risk appetite level for operational delivery in the strategic outcome Delivering Exceptional Customer Service is open. This means we are keen to pursue opportunities to use digital services and platforms to improve the customer experience. We should be able to demonstrate the benefits that these new digital approaches will make, including improvements to the control environment.

10.2 Wheatley Homes East's risk appetite for the Enabling Customers to Lead strategic objective is also open. This means we will pursue opportunities to use digital services and platforms to improve the customer experience without leaving anyone behind.

11. Equalities implications

11.1 An Equalities Impact Assessment has been carried out for the Anti-Social Behaviour Framework. This assessment reviewed the impact of actions against the protected characteristics identified in equalities legislation. It showed that the Framework will have a positive or neutral impact on all characteristics.

12. Key issues and conclusions

12.1 This report outlines the actions being undertaken to improve our customers' satisfaction with the management of the neighbourhood. These include:

- a new approach to managing noise complaints which form a significant proportion of ASB issues and which customers tell us drive dissatisfaction,
- Improved communication with customers around ASB so they have a clearer understanding of the processes which need to be followed and receive updates on what has been done, and

- Interactive access to our environmental services to see in real time what services they receive, what has been completed and to record their satisfaction levels with these services

12.2 Work is underway to further enhance customer engagement using the satisfaction information from MyVoice for both ASB and NETs. Focus groups and customer journey mapping will be used to further develop our ASB approach, supported by the use of data analysis to target services. The Wheatley Place Standard will allow detailed customer involvement in identifying issues and solutions for their neighbourhood.

13. Recommendations

13.1 The Board is asked to note this update on actions to improve customer satisfaction with our management of neighbourhoods.

Wheatley Homes East

Report

To: **Wheatley Homes East Board**

By: **Louise Dunlop, Managing Director of Care**

Approved by: **Laura Pluck, Group Director of Communities**

Subject: **Care Evaluation: Reprovisioning of East Services (HMOs)**

Date of Meeting: **9 February 2023**

---

1. Purpose

1.1 This report provides the Board with an evaluation of the success of the reprovisioning programme and demonstrates the impact it has had on our customers (the people we work for) and our frontline staff with a strong focus on health and wellbeing.

1.2 The Board are asked to note the content of the report and comment on the work undertaken and outcomes achieved from the re-provisioning programme.

2. Authorising and strategic context

2.1 Under our Terms of Reference, set out in the Group Standing Orders, the Board has responsibility for monitoring performance against agreed targets.

2.2 Wheatley Group's 2021 - 2026 strategy, Your Home, Your Community, Your Future sets out the vision and commitment for customers to have increased control over their services, their communities, and their lives, with new opportunities for building skills and resilience.

2.3 This report impacts on the following strategic themes:

- Delivering Exceptional Customer Experience
- Making the Most of Our Homes and Assets
- Changing Lives and Communities

3. Background

3.1 In 2018 the previous Barony Board discussed the provision of services across its care stock with approval given to develop an approach to reconfigure the care model from shared living to individual tenancies. The reconfiguration of Barony's care model was a key strategic objective informed by feedback from a variety of sources including customer satisfaction, Care Inspectorate, and commissioners.

3.2 Prior to transferring its units to us, Barony's Board approved the development of a test of change within the House of Multiple Occupancy (HMO) at Mayfield Road, Edinburgh following which people we work for successfully transitioned to their own tenancy within Dunedin Canmore's properties at Bolton Place in Edinburgh. Chapel Lane in Falkirk was the second HMO to be reprovisioned where three individuals moved into Loretto Housing properties in the Falkirk and Grangemouth area.

3.3 This provided a framework for future reprovisioning for the remaining HMOs. This framework would offer increased independence for the people we work for with personalised packages of support co-produced to meet individual needs and aspirations, within a core and cluster style model, providing access to a staff base on site.

3.4 In May 2019, Barony's Board considered a series of proposals on the stock classification because of this change in care model and successful reprovisioning within Edinburgh and Falkirk. Discussion centred around three main options for each of property of; no change, retain the properties and consider conversion options, or sale of owned properties on the open market.

3.5 Approval was given for the recommended options to progress:

- Disposal of the owned properties within Edinburgh
- The conversion of two properties in Armadale and Bathgate, West Lothian to mainstream housing
- Lease termination of the property in Livingston, West Lothian

3.6 Similar properties in Falkirk, Stirling and Fife have been retained and will be subject to periodic review.

3.7 A core and cluster model, where there is access to a staff hub on site/nearby, has proved invaluable for individuals who require ongoing support to live in the community. As such, new build sites were identified across Group RSLs that could facilitate a staff base, and where flats would be identified for care customers moving from shared living environments.

3.8 Close partnership working with Group colleagues in Housing, Development and IT have been integral to the success of the reprovisioning programme. The smoothness of the programme and transition has been as a result of the intra-group arrangements.

3.9 In April 2020 Wheatley Care was established in April 2020 bringing services within Loretto Care and Barony and, as such, Wheatley Care have lead on the continuation of this transformational program.

3.10 **Appendix 1** provides an overview of all HMO properties that have been part of the reprovisioning programme including the associated new service locations. Over the course of its function, the programme has successfully seen the reconfiguration of eleven shared living properties (HMOs), involved close integrated working with key stakeholders from across 3 local authority areas, and positively impacted on the outcomes of 55 care customers many of whom, had been living in shared accommodation for a considerable length of time.

4. Discussion

4.1 Within all of the HMO properties, people we work for required to share all living, kitchen and bathroom areas with each other. The buildings required staff on site 24/7 to satisfy fire safety and building management requirements. This limited the opportunities for greater independence and personalised support.

4.2 As is the case with all HMOs, individuals were issued with Occupancy Agreements which offers less security in tenure for each tenant.

4.3 The contracts for the service provision and the accommodation meant that individuals living there had no choice in respect of who was referred to the service. While staff teams worked with agencies to ensure the individual support and wellbeing needs were considered in this process, the tenant could not ultimately choose who shared the accommodation with them. This undermined our organisational values and approach and managing relationships was challenging at times for the people we work for as they required to adapt and live with others that they would not have chosen to.

4.4 The staff accommodation within the HMO buildings offered no dedicated facilities for administrative work or rest breaks. The Care Inspectorate also expressed the view that the areas that staff operated from, should be homely, as part of the individual's home and that staff operational meetings such as supervision and team meetings should not be conducted within these areas. As such, services were required to use these spaces as multi-purpose rooms to satisfy regulatory requirements and staff teams had limited use of space within the buildings for these purposes

People We Work For Outcomes

4.5 As individuals have moved from an HMO to their new individual properties, a reassessment of needs has been required to ensure that the correct level of support is in place for everyone. Conversations with Health and Social Care Partnership colleagues have in the main been positive. Work continues to ensure that support arrangements which were in place within the HMO are reviewed and refined to ensure that individuals receive genuinely personalised support that meets their individual support and wellbeing needs and that previous shared arrangements are not just transferred over.

4.6 Work with individuals around their key personal outcomes is measured, via Outcomes Stars, in this case Recovery Star and Tenancy Star. This tool enables personalised conversations between each individual and their key worker to co-create a bespoke outcomes plan that centre around all aspects of living including but not limited to mental wellbeing, physical wellbeing, social connection and managing a tenancy.

4.7 To fully capture the positive impact of the reconfiguration programme, **Appendices 2** [redacted] and **3** provide a selection of case studies linked to the people we work for, including one person's written account of their personal journey. These case studies illustrate the diverse group of people Wheatley Care support and how the reconfiguration of services has significantly benefited them in their recovery journey and strengthening their connection with the community.

4.8 All of the services that have been part of the reprovisioning programme are now commissioned through a local authority Self Directed Support Framework. The key principle of Self-Directed Support legislation is that people have greater choice and control over how they receive support. The new care model aligns with the Social Care (Self-Directed Support) (Scotland) Act 2013 and the various 'framework contracts' Wheatley Care hold across our Local Authority footprint. This means that the individuals we support, can continue to receive personalised supports with the knowledge that should their support needs increase or reduce in the future, or they choose to change support provider, their secure tenancy means there is no requirement to change or move to new accommodation. This is critical to protecting people's rights and choices.

4.9 In addition, Scotland's Independent Review of Adult Social Care (Feeley Report published in February 21) made a key recommendation relating to Models of Care. The recommendation laid out that '*Investment in alternative social care support models should prioritise approaches that enable people to stay in their own homes and communities, to maintain and develop rich social connections and to exercise as much autonomy as possible in decisions about their lives.'*.

4.10 Individuals having their own tenancy has allowed for Self-Directed Support to be applied in the truest sense with bespoke personalised packages of support developed as opposed to shared resources with others living in the accommodation. Our model reflects the recommendations set out in the Feeley Report and was well under way when the review took place.

4.11 Detailed below is a sample of feedback we have collated from the people we work for which demonstrates the impact of this transformative project.

'I still do not think its sunk in properly that what I have is mine, it feels like a dream come true and I feel awesome. I am so grateful of everything Wheatley have done for me, including the amazing staff that have helped me along the way to make my dream become a reality'

'Magical. It's very good and it's a two-bedroom flat. I love it and I'm very lucky. I have lots of space to walk about and keep my things. I can have visitors too, to stay.'

'It gives me freedom. I have my own kitchen and my own toaster and my own microwave. And my own bathroom. It has a great shower. Yes, freedom. And I have a brand new hoover. I also like the area. It is nice and quiet. It's very quiet. And there is a wood across the road. And I know all the staff. Familiar faces'

Staff Outcomes and Perspective

4.12 In addition to the positive outcomes for individuals who have moved into their own home, the program has also offered frontline staff a hugely improved working environment. We know the impact working environments can have on motivation and engagement of the workforce so this was a significant factor when designing our new model.

4.13 The creation of new staff bases, central and accessible to the reprovisioned area has made a substantial difference to the day-to-day operations of each service. The new facilities now enable staff to have dedicated IT work areas making it easier to have privacy when making calls, space to meet with colleagues, individuals, and other stakeholders. The spaces also enable social engagement activities with the people we work with, such as celebrations and group activities. Each individual can choose to connect with others or enjoy their own space in their own home - this has delighted our customers

4.14 Throughout the development stages of each new team base, staff were kept fully up to date with on-going build progress as well as given details on the new property layouts. Staff were encouraged to actively participate in the process of selecting flooring and window blind options, as well as choosing some of the new furniture, soft furnishings and equipment required for each new staff base. Being involved in the planning processes to help create a comfortable and improved environment for staff and individuals to work from has sparked positive reactions from staff and a real sense of pride and ownership of their new and improved workspace.

4.15 Detailed below is excellent feedback we have received from team members about their work space and the homes people we work for now live in.

‘Having worked in Templar Rise for over 4 years there is no comparison from then and now. The staff flat is a refreshing workspace, clean, airy and a sociable space for all staff, a good meeting room.’

‘Almondvale is a much better environment to work in, Less interruption, a much brighter area to work from. The staff team are much happier.’

‘The flats are a far cry from before. They are open, warm inviting homes where people can enjoy time with friends and family.’

‘Since moving into their flats, we have all seen a remarkable difference in each person’s outlook on life despite the fact they were very wary and perhaps a bit scared of living in a community independently.’

‘Most have flourished and are now happy to go into the community whether it is to groups or to the local shops. An example of this is a person who did not feel able to leave the supported living environment without staff. She tried to hold onto staff for added security, but she is now going out to the local shops each morning, this morning she managed to walk to the local post office to pay a bill independently. This is a great outcome for her.’

‘The HMOs were outdated, and when you see the huge difference in some people and the way they are living their life now, it has been a worthwhile exercise and is the way forward.’

Stakeholder Outcomes

4.16 Strategy relating to Health and Social Care Partnerships (HSCP) and Self-Directed Support (SDS) legislation, is steering a direction for providers to be able to support individuals in a home of their own, rather than in shared living tenancies or in tenancies linked only to support from a key provider. This approach aims to give people engaged in services, a sense of ownership and security of tenure, whilst promoting their right to choose their provider of care and change this at any time.

4.17 The programme has offered opportunity to showcase the values of Wheatley Care in promoting excellent outcomes for the people we work for regardless of the challenges they may face.

4.18 Wheatley Care's reprovisioning programme was widely welcomed during the initial discussion stages commissioners and key roles with HSCPs. In what highlighted that our programme aligned with local authority strategic aims which are grounded in a human right based approach and closely link with the National Health and Wellbeing Outcomes.

4.19 The success of the reprovisioning programme, and the success of the opportunities provided to individuals with more complex needs referred to the service (requiring a permanent home with regular and flexible support), has been acknowledged by Health and Social Care Partners. In Edinburgh this has created further scope for Wheatley Care to potentially develop other core and cluster models of support across the city.

4.20 The strength and scope of excellent partnership working with other Wheatley Group subsidiaries who support our core and cluster services, has seen Wheatley Care become both a trusted provider. Our unique offering, within Group, of Housing and Care offers opportunity that other providers could not.

Social and Communities Outcomes

4.21 The Fourth National Planning Framework (NPF4) – *A Plan for Resilient Communities* sets out the Scottish Governments long-term view of the homes required to meet people's future needs, focussing on location, quality and the type of homes needed for people of all ages.

4.22 Wheatley's five-year strategy of 'Changing Lives and Communities' aligns to the plan's concept for the creation of 20-minute communities, where such communities would meet all day-to-day needs of people without having to travel more than 20 minutes by foot, bike, or public transport.

4.23 The success of the reprovisioning programme is underpinned by the location and quality of housing delivered via each of the new reprovisioned services. Each location sits at the heart of a neighbourhood which offers a range of features, including those outlined within 20-minute communities such as –

- Affordable housing options
- Local shopping centres
- Local public transport
- Local health facilities and services
- Safe streets and spaces
- Walkability
- Ability to age in place

4.24 We have already seen individuals access various activities within their community such as dance classes, local cafes and gaining confidence in independence. A key role of support staff is to support individuals to become active citizens in their communities.

5. Customer Engagement

5.1 Throughout the reprovision programme opportunities for co-creation were maximised. Individuals were offered choice regarding the location of their new home.

5.2 Key to the success of the programme was the ongoing development of coproduced outcome plans that have flexed and changed in response to individuals needs and aspirations. The change in environment for people we work for has been significant and we have observed individuals thrive in their own home.

5.3 Effective communication alongside practical and emotional support was in place at each step of an individual's journey. Examples include:

- Individuals were kept regularly informed of the progress of developments at their identified new accommodation site.
- They were supported to prepare for their move, which included support to purchase furniture and soft furnishings to help personalise their new home
- Where required, the people we work for were supported to apply for financial support (such as the Scottish Welfare Fund) so that they could acquire what items they needed to help furnish their new home.
- Once the moves took place, individuals were supported to settle into their new homes and community environment, and to adjust to any new routines and unfamiliarity of living on their own.
- Individualised support was tailored to meet any change in circumstances, or any necessary adjustments / additional support they required while they settled into their new home.

5.4 In recognition of the notable change in circumstances, people were supported to choose floor coverings and blinds for their new homes which was funded by Wheatley via expenditure allocated from the sale of assets via the HMO disposal programme. Also provided from this fund was a small number of basic incidental items such as a kettle, toaster, cutlery etc.to further help individuals initially settle into their home.

5.5 Related to the moves was a degree of trepidation and anxiety, particularly as this was seen as an incredibly meaningful change to people's lives and support. However, many individuals including family members, expressed both enthusiasm and gratitude for the support they were given, both emotionally and, before, during and after the process was completed.

5.6 Liaison and fully keeping people we work for, frontline staff, stakeholders, and in particular family / other carers informed at all steps of the process, has been key to the success of the reprovisioning programme. The transition from shared living to a home of their own, for some individuals and stakeholders, felt vast. One of the greatest challenges for the services was reassuring individuals, and in some instances key stakeholders / family / support, that the moves would be of benefit to the people we support. As such our strategy had a truly clear focus on enhancing our customer engagement and a significant element of co-development and co-design with our customers and their key stakeholders.

6. Environmental and sustainability implications

6.1 This report does not have any environmental or sustainability implications.

7. Digital transformation alignment

7.1 Aligned with Wheatley's strategic outcome - '*evolving digital platforms to support our activities*', joint working between care and IT colleagues explored the use of a new system (Cisco Meraki) to help provide a network access solution within the infrastructure challenges posed by new build staff hubs.

7.2 The system was initially incorporated into active use at Wheatley House, following which was then approved for installation as a pilot platform within each of the new build staff facilities across Livingston, Bathgate, and Edinburgh West. This investment would enable secure access to Group internal IT systems for staff and would remove some of the previous challenges associated with fibre-optic hard-wired installations linked to earlier reprovision projects. (Bolton Place and Beaverbank Place, Edinburgh).

7.3 The roll out of smartphones to Wheatley Care staff from 2020 also delivered a range of products that changed the information our staff could access and the way in which we communicated. This investment also provided the infrastructure needed to realise our digital ambition and clear the way for the development of a mobile application that would link to our primary care management system Residata.

7.4 Final testing of the new care app is underway, with a phased roll out to care staff planned for the end of 2022. The app is supported by Wheatley's security systems and will bring several benefits including giving staff access to the information they need and supporting them to complete activities at the point of contact with the people we work for.

8. Financial and value for money implications

8.1 Prior to the Reprovisioning Programme, it was recognised that the existing model of care at that time was not sustainable across the portfolio of HMO stock in their current condition.

8.2 The approval to progress with the programme and undertake the recommendations of – 1) Disposal of the owned properties within Falkirk and Edinburgh 2) Lease termination of the property in Livingston, West Lothian, has enabled the delivery of transformational service improvements to both the people we work for and key frontline staff without the need for external funding.

8.3 The disposal programme / sale of assets also helped fund the overall costs and expenditure associated with reprovisioning programme in its entirety. This includes - initial design / professional fees, building modification work, removal costs, flooring / blinds, staff flat set-up, IT infrastructure, etc.

9. Legal, regulatory, and charitable implications

9.1 During the reconfiguration process West Lothian moved from having two Registered Managers over four services to one Registered Manager responsible for the now single registered "West Lothian Supported Living and Outreach Support Service". Within Edinburgh, the reconfiguration process did not change the number of Registered Managers which remains as two.

9.2 A reduction in HMOs across the two areas has resulted in a reduction of teams and reduction in the number of sleepover and waking night duties required, but not a reduction in staffing. With both geographical areas successfully tendering to join West Lothian and Edinburgh's SDS framework in the past 2 years, the scope for further growth of our outreach work and potentially further core and cluster models remains an ongoing opportunity.

9.3 During the reconfiguration process, appropriate discussion with the Care Inspectorate took place to process and implement changes to the structure of our registered services and to positively collaborate with all stakeholders involved.

9.4 Local Authority Planning was considered throughout the duration of the reprovision programme and was led by colleagues from Wheatley's Development team. Architect and legal advice was sought and building regulations linked to domestic premises 'change of use' for each identified staff base were responded to and adhered to fully. Relevant documentation was issued to support this which gave assurance to the proposals and the plan. As such there is no legal risk associated with the core and cluster model and property occupied by Wheatley Care as a work base.

9.5 There are no other legal implications arising from the report.

10. Risk Appetite and assessment

10.1 This programme of work is aligned with the strategic outcome 'Developing peaceful and connected neighbourhoods'. Our risk appetite for 'operational delivery' for this outcome is 'open'. However, we have balanced this against the more 'minimal' approach we have to 'compliance'.

10.2 The services within scope continue to utilise policy frameworks that encourage compliance with laws and regulations including health and safety, protection and workforce regulation.

11. Equalities implications

11.1 There are no implications from the contents of this report.

12. Key issues and conclusions

12.1 Over the course of its function, the programme has successfully seen the reconfiguration of eleven shared living properties (HMO's), involved close integrated working with key stakeholders from across 3 local authority areas, and positively impacted on the outcomes of 55 care customers.

12.2 The new care model aligns with the Social Care (Self-Directed Support) (Scotland) Act 2013 and the various 'framework contracts' Wheatley Care hold across our Local Authority footprint. This means that the individuals we support, can continue to receive personalised supports with the knowledge that should their support needs increase or reduce in the future, or they choose to change support provider, their secure tenancy means there is no requirement to change or move to new accommodation.

12.3 In drawing on the strength, scale and resources across Wheatley's partner groups, the success of Wheatley Care's reprovisioning programme, demonstrates the group's ability to contribute best practice both at a regional and national level. To best highlight this, Scotland's Independent Review of Adult Social Care (Feeley Report – Feb 21) made a key recommendation (Chapter 8) relating to 'Models of Care'. The recommendation laid out:

- Investment in alternative social care support models should prioritise approaches that enable people to stay in their own homes and communities, to maintain and develop rich social connections and to exercise as much autonomy as possible in decisions about their lives.

13. Recommendations

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

LIST OF APPENDICES: -

Appendix 1 – HMO Reprovision Overview Table
Appendix 2 – [redacted]
Appendix 3 – People We Work For - Outcome Case Studies

Wheatley Homes East

Appendix 1 – Overview of HMO Reprovision

Original Service & Location	Property Address	No. of PWWF	Approved Option	Reprovision Plan	Outcome / Conclusion	New Service Location
Edinburgh Services	Mardale Crescent Mayfield Road,	10	Mardale (end rental agreement) Disposal in current condition	Relocate staff and people we work for to suitable accommodation.	Rental ended Completed (property sold)	Bolton Place, Edinburgh
Falkirk SDS	3, Chapel Lane, Falkirk.	3	Disposal in current condition	Relocate people we work for to suitable accommodation provided by Loretto HA.	Completed (property sold)	Falkirk / Grangemouth
Edinburgh East	12, 14 and 19, Upper Gray Street, Edinburgh	12	Disposal in current condition	Relocate staff and people we work for to suitable accommodation provided by Wheatley Homes East (formerly Dunedin Canmore).	Completed (properties sold)	Greendykes and Beaverbank Place, Edinburgh
Edinburgh West	4 Lauriston Park & 12 - 13 Ardmillan Terrace, Edinburgh.	13	Disposal in current condition.	Relocate staff and people we work for to suitable accommodation provided by Wheatley Homes East.	Moves took place in October 2022. Properties to be sold	South Gilmerton, Edinburgh
Bathgate – West Lothian	22 Buttries View Armadale.	5	Convert to Social Housing	Relocate staff and people we work for to suitable accommodation provided by Wheatley Homes East (formerly WLHP)	Property returned to Wheatley Homes East for conversion	Tartan House, Bathgate
	1 Mill Court, Bathgate	5	Convert to Social Housing.			
Livingston - West Lothian	45 Templar Rise, Livingston.	7	Termination of lease.		Lease terminated	Almondvale, Livingston.

Reconfiguration Programme – Case Studies

INTRODUCTION:

The following case studies demonstrate the positive impact of the reconfiguration programme from a personal point of view relating to the people we work for. These case studies aim to illustrate the range of different people Wheatley Care support and how this model of support has benefited them on their recovery journey and integration into the community.

WEST LOTHIAN SUPPORTED LIVING AND OUTRACH SUPPORT SERVICE - JARVEY STREET AND ALMONDVALE

Jarvey Street opened in April 2022 and Almondvale opened in June 2022

CASE STUDY B – ALMONDVALE COURT - 45 Year old male

Background:

B lived for several years in one of Wheatley Care's (formally Barony), shared living / HMO (Housing with Multiple Occupation) supported accommodation in West Lothian. Staff were based at this property 24/7, which included a waking night support service. Here, B lived with 6 other individuals who were experiencing poor mental health and/or learning disabilities. B had his own room but shared all other facilities within the home with the other people he lived with.

During his tenancy at the shared living service, B tended to isolate himself entirely from the other people who lived with him and staff. He spent most of his day in his bedroom, where he would smoke all day. He would rarely engage with staff who were supporting him unless by necessity. Very occasionally B would go out for a short walk, and on a twice weekly basis he would go out with his Mum to get food shopping. B was entirely reliant on both his Mum and Staff to do everything for him.

Despite staff having worked with B for many years, they really did not feel they knew B very well, as it was often a challenge for them to engage with him beyond only, the very essential supports that he had agreed to.

Prior to moving to his home at the new supported living, core and cluster service at Almondvale, B'S multidisciplinary team, including our support staff, spent time with B discussing what his support needs would be when he moved so that he would be able to achieve the best outcomes based on his personal choices and preferences.

Initially, although B was pleased to hear that he was going to have the opportunity to live more independently in a home of his own, however, over the time leading up to the move, he became quite hesitant and anxious about this. Staff continued to invest a lot of support with B to help him manage his anxieties so that he would continue to see the positives of moving. Fear of change created the biggest challenge for B at that point.

Impact of Reconfiguration Programme:

Since moving to a home of his own in West Lothian, B has flourished in many ways relating to his health and wellbeing:

- **INCREASED LEVEL OF INDEPENDENCE:**
  Flexible support provided to him by Wheatley Care staff has enabled B to become much more independent and has enabled B to experience much more to life that than was offered by mostly living in his bedroom, not engaging with others, and smoking all day. With the support in place that was identified with him, B has been enabled to become much more independent in terms of managing his home environment.

  B's reliance on his mum to buy his food shopping has diminished over time, and he is now buying food regularly, independent on his Mum support. B is still enjoying his mum's company, but his relationship with her is much less reliant on him needing her to support him with daily living skills, which is fantastic to see.

- **IMPROVED PHYSICAL APPEARANCE:**
  Shortly after moving staff noticed positive changes to B's physical appearance in that he was taking a greater pride in how he looked.

- **IMPROVED COMMUNICATION:**

Staff also noticed a significant difference in how B communicates with them, where he is noticeable more engaging and talkative, chatting freely with staff who visit or spend time with him. He is both allowing and welcoming staff into his flat to support him. B is now sharing with staff about where he is going, where he has been and how his day has been going.

- **MAXIMISING AND ENJOYING THE USE OF HIS LIVING SPACE:**
  B has been enjoying and using all the space available within his new flat, not just isolating himself to his bedroom.

- **IMPROVED USE OF COMMUNITY:**
  B is now more active, making independent use of his local community and enjoying wandering round the nearby shopping centre several times a day.

CASE STUDY C - JARVEY STREET - 36 Year old female

Background:

C is a new referral to the supported living / core and cluster service at West Lothian. She moved into her tenancy in April 2022, following a long admission to hospital when her mental health had deteriorated to a point were returning to live in her own tenancy seemed unsurmountable.

C has a history of substance misuse and non-engagement with treatment and services. Shared living would not have been a viable option for her given her personal challenges with her health and wellbeing at that time, and the impact this would have on other people we support. Often was the case that compatibility issues hindered the ability and opportunity for people to move through services to live in the community. At the time of C's referral, it was felt that moving her to another tenancy without having nearby flexible support available, would not be in her best interests. C was likely to remain in hospital for an extended period if the opportunity to move to our core and cluster model had not become available as housing and support options for C with her level of need, to find the right support, in the right accommodation, in the local community were extremely limited. As such, in partnership with Health and Social Work partners, it was agreed that C may benefit from living at our core and cluster service.

C has 2 children that both live with other family members. Her previous tenancy became untenable due to the extent of her health and wellbeing difficulties. During discharge planning for C, it was identified that she would benefit from a more flexible SDS (SELF DIRECTED SUPPORT) from Wheatley Care staff to support C with daily living tasks which included, the administration of her medication, support to manage her mental health and attend appointments, and support her to safely maintain her tenancy.

Impact of Reconfiguration Programme:

- **ABSTINENCE FROM ILLICIT SUBSTANCES**
  Since moving into her tenancy at Jarvey Street, C has engaged well with staff and has managed to remain free from illicit substance use. Even during a challenging time for C, when her mum passed away, C engaged well with the support she was offered and managed to maintain abstinent from illegal drug use. Her multidisciplinary care team complimented staff on the emotional and practical support that she was provided with during this time.

- **RE-ESTABLISHING POSITIVE CONNECTIONS WITH FAMILY AND LOVED ONES**
  One of the biggest outcomes achieved for C since moving into Jarvey Street is the contact that she has been able to re-establish with her oldest son who lives with his paternal grandparents. Initially C was receiving supervised visitation with him, however, this has quickly progressed to unsupervised visits, and she is now able to have him stay with her in her flat for 2 nights at weekends. Without C having the opportunity to access our flexible supported living, core and cluster support service at Jarvey Street, this would not have been possible if the service was still being provided within a shared living environment.

- **SUCCESSFULLY MANAGING HER TENANCY**

  C has been able to maintain her tenancy well with flexible support being received from Wheatley Care staff based close by, and with the support of her multidisciplinary team working in partnership with all involved.

EDINBURGH EAST SUPPORTED SERVICE – BOLTON PLACE AND BEAVERBANK PLACE

Bolton Place opened in 2018 and Beaverbank Place opened in 2020.

CASE STUDY D - BOLTON PLACE – 39 year old male

Background:

D was referred to one of Wheatley Care's (formally Barony) shared living / HMO supported accommodation in 2014 following a long-term admission to the Royal Edinburgh Hospital. D has a diagnosis of paranoid schizophrenia and was under a corporate appointeeship when he first started receiving support from the service.

At the shared living service, D had his own bedroom but shared all other facilities within the property with 3 other men. Staff were based in his home 24/7, which included a sleepover service.

D would often remark on how small his room was in this house. D has a passion for gaming but could not pursue it completely as he did not have the space for storage for all his equipment. When living in the HMO, D relied daily on his as-required medication to help him manage auditory hallucinations. D also remembers feeling like that his home here, drew attention to people requiring support and having mental health issues. He also felt uncomfortable having to share with other people who were much older than him. During the time he lived at Upper Gray Street, D was regularly re-admitted to hospital. He often spoke to staff about not feeling like this property was his home.

In 2018, D was given the opportunity to move into his own supported living apartment at Bolton Place. D, his family, and his care team all felt that this was a fantastic opportunity for him to have a home of his own and more space to live as he enjoyed. All were delighted to support him with this move.

Impact of Reconfiguration Programme:

- **PERSONAL SENSE OF OWNERSHIP / PRIDE / BELONGING**

  D moved a 2-bedroomed apartment and he immediately started to personalise it to make it to his choosing. He chose furniture and soft furnishings to turn this property into somewhere he now calls "home."

  The second bedroom became his gaming room, where he started to have his friends over for gaming nights. He got his internet and sky TV installed. He decorated his home with African artwork to showcase his heritage and he was incredibly happy to now have a bedroom where he could home a king size bed, given that he is 6'2 and could only fit a single bed into the small bedroom he occupied at Upper Gray Street.

- **ACHIEVING PERSONAL GOALS:**

  Over the past 4 years D has accomplished many of his goals:

  - He has not been readmitted to hospital since moving into his own apartment
  - He is less reliant on his as required medication to get though a day

- He has now been taken off his corporate appointeeship, meaning he is in full control over his own money.
- D takes great pride in his apartment; he has told staff that having the ability to live in his own apartment was something he never thought was an option for him. Now that he has proven he can do it he is excited to see what else he will achieve over the coming years.

CASE STUDY E – BEAVERBANK - 52 year old male

Background:

E was referred to Wheatley Care (formally Barony Care) from the Forensic Unit at the Royal Edinburgh Hospital in September 2018. E has a diagnosis of paranoid schizophrenia and was referred under a CTO (Community Treatment Order). He has experienced time in prison and has lived on the street in the past. E had difficulties relating to compliance with medication necessary to keep him well, and required full assistance daily, with the administration and management of his medication as well as support with the management of his other responsibilities relating to daily living. This included shopping, housework, laundry, meal planning and preparation, and paying bills etc.

For almost 2 years, E lived at one of the shared living / HMO properties, where he had his own bedroom but shared all other facilities with 3 other men. Staff were based within his home on a 24/7 basis, which included a sleepover support service.

When he was first told about the opportunity of moving into his own apartment with the same level of support, he was delighted. He mentioned that he did not think this would ever be possible for him. E had wanted a pet since he left hospital, and he was excited that this option would now be an open to him.

Leading up to the move, E was getting increasingly excited. He had his personal belonging boxed weeks in advance of the move, and deliveries of new items he had ordered for his home, were arriving to at the shared living property on an almost daily basis. E moved into his own flat at Beaverbank in August 2020.

Impact of Reconfiguration Programme:

- **IMPROVED COMMUNICATION AND ENGAGEMENT IN COMMUNITY**

  Over the weeks following the move, staff witnessed E coming out of himself more than they had ever seen before, and him becoming more engaging with staff and his local environment. E confidently organised himself a holiday to a local seaside resort for a long weekend. During that break, E proved to himself that he could relax in a new location, manage his own medication with ease, and enjoy his own company which is something he had previously struggled with.

- **IMPROVED MENTAL HEALTH AND WELLBEING**

  When asked, E would say that having his own flat was amazing, and that he felt his mental health improved and that he felt less anxious. In very simple terms, he put this down to things most people would take for granted, i.e. having his own living space, with no one walking past his bedroom door at night, and because he was feeling at ease that if he left food in the fridge, or shower gel in the bathroom that it would still be there the next day.

- **IMPROVED SENSE OF RESPONSIBILITY AND COMMITTMENT TO ACHIEVE**

  E has improved his compliance with medication and other personal responsibilities regarding looking after his home. His focus was to get off his CTO as soon as possible following the move. At the time leading up to the move, although E mental health was stabilising, and his multidisciplinary care team were seeing an incredible improvement since he started receiving support from Wheatley Care, they still felt it was premature to take him off his treatment order. However, within a brief period, after E had settled into his new home and demonstrated continued improvement in his overall presentation and engagement, his CTO was allowed to lapse, and he is now making positive steps to becoming self-medication and more independent.

- **IMPROVED LEVEL OF INDEPENDANCE**

  E cooking skills have improved, and he is now managing well with his household tasks with the continued support of Wheatley Care staff.

- **IMPROVED PERSONAL RELATIONSHIPS WITH FAMILY**

  E has reconnected and developed a better relationship with his brother since moving into his own flat.

- **SENSE OF OWNERSHIP AND PRIDE IN HIS HOME**

  E continues to make his flat feel like his home. With the space he now has, he regularly buys items to make his apartment more homely and personalised.

EDINBURGH WEST SUPPORT SERVICE – SOUTH GILMERTON

The South Gilmerton service at Monk's Walk, is Wheatley Care's new addition to the core and cluster model of support opened in October 2022.

CASE STUDY 5 – F - 50 year old male

Background:

F was initially referred to one of the Shared Living / HMO services in Edinburgh in August 2018. He had previously had his own Council tenancy, but this broke down due to him being financially and emotionally exploited by some of his neighbours in the local community. As such, F was placed on the Adult Protection Register. F was a regular user of recreational illicit drugs. He moved into his new accommodation at South Gilmerton in October 2022.

Impact of Reconfiguration Programme:

- **SENSE OF OWNERSHIP / PRIDE IN HIS HOME**

  F was asked how he was finding his new home. F replied:

  > "Magical. It's very good and it's a two bedroom flat. I love it and I'm very lucky. I have lots of space to walk about and keep my things. I can have visitors too, to stay. I love it"

  When asked further about what he liked about his new home, F replied:

  > "It gives me freedom. I have my own kitchen and my own toaster and my own microwave. And my own bathroom. It has a great shower. Yes, freedom. And I have a brand new hoover. I also like the area. It is nice and quiet. It's very quiet. And there is a wood across the road. And I know all the staff. Familiar faces and the same Team Leader and Manager."

- **IMPROVED MENTAL HEALTH AND WELLBEING**

  Since receiving support from Wheatley Care, F is no longer using illicit drugs. He is extremely proud of this achievement. Having staff nearby has helped F to gatekeep and monitor visitors and to keep himself safe, while at the same time, provide him with a comfortable home he enjoys and can live in, as independently as possible.

CASE STUDY 6 – G - 40 year old female

Background:

G was referred to one of the shared living / HMO services in 2008.

G has a diagnosis of schizophrenia. G requires support with her medication, personal care and managing and maintaining her home environment. While living in the shared accommodation she tended to avoid using the shared kitchen and living room in the property as she prefers not to mix with other people. As such she spent most of her time in her bedroom, and only went out early morning for her cigarettes, and once a week she did a big grocery shop.

When she was asked about moving to her own flat, G was initially first very resistant. She said she wanted to remain in the HMO as she was scared at the thought of living on her own. Staff spent a lot of time supporting her to look at the positives of such a move and reminding her she would still receive the same amount of support she needed, more if this was required, to help her settle in.

Due to the level of anxiety G had about the move, when she had the chance to visit her proposed new tenancy, she was very reluctant. However, with the support of Wheatley Care support staff, she returned from the visit and was delighted with the flat.

Impact of Reconfiguration Programme:

- **SENSE OF OWNERSHIP / PRIDE IN HIS HOME**

  When G moved into her new apartment, she said told staff that "it felt cosy, and she liked it very much". G had taken time to personalise her home and make it comfortable. G has been making small steps to show a greater interest in her personal surroundings and make her home somewhere she takes a pride in and wants to look after. For example, staff supported G with shopping as G had identified that she needed dish cloths for washing the dishes. For G this was progress as she had begun to recognise why she needed to buy items for her home to help maintain it. IN her previous shared living setting, she showed no interest or motivation to maintain her living space and staff generally had to think on her behalf. This was a small step for G but it demonstrated that she was settling in.

  G has told Wheatley Care staff that she was particularly happy that she didn't have to share a bathroom anymore. She also commented to staff that she likes her flat so much better than where she had lived before. After a very anxious time for her, and after such a long time living within shared accommodation, G has embraced the positives of her own space and her own front door

- **IMPROVED COMMUNICATION AND ENGAGEMENT IN COMMUNITY**

  Wheatley Care staff spent time with FS supported her to explore the local area. G was delighted that the supermarkets were so near to the apartment. Staff have noted a significant improvement in G's willingness and ability to communicate with staff. Previously she was very quiet and withdrawn, only speaking when spoken to, but now she is approaching staff and engaging with them more freely in her new environment.

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: 9 February 2023

---

1. Purpose

1.1 This report presents an update on performance delivering against targets and strategic projects for 2022/23 as of the end of quarter 3.

2. Authorising and strategic context

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

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") 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. The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2022. This Board subsequently agreed our own specific performance measures at its meeting in May 2022.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2022/23 as of the end of quarter three. Unless specified otherwise, results for all measures are based on year-to-date figures. This includes quarterly progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2022/23. It also includes new measures for 2022/23 covering areas of performance related to the implementation of our engagement model, visibility of the Customer First Centre and monitoring of the strength of our Boards and administration.

3.2 Each year we review our measures and targets to ensure that they remain fit for purpose. This process has commenced during Q4 2022/23 for 2023/24, alongside a wider refresh of our five-year strategy. This work includes a close look at our repairs performance framework – with emphasis on ensuring the customer perspective is captured and used to drive ongoing improvements – and will feed into the Board strategy workshop.

3.3 This report details performance for all Wheatley Homes East stock, including that which transferred in early September from West Lothian Housing Partnership.

4. Discussion

Delivering Exceptional Customer Experience

<u>Customer First Centre</u>

4.1 The Customer First Centre (CFC) was fully launched to customers on 1 April 2022. Year to date results as at the end of quarter 3 are presented in Table 1.

Table 1

Measure	2021/22	2022/23		
	Value	Value	Target	Status
WHE - % calls answered <30 seconds (Grade of Service)	N/A	81.24%	80%	
WHE - Average waiting time (seconds)	N/A	37.8	30	
WHE - Call abandonment rate	N/A	3.76%	7%	
Group - % first contact resolution at CFC (Customer Service Advisors)	92.33% (March 2022)	89.08%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	N/A	6.78%	<10%	

4.2 The CFC have answered 81.24% of calls from our customers within 30 seconds, against a target of 80%. The two weeks of extreme cold weather leading up to Christmas resulted in call volumes across the Group close to doubling, presenting at upwards of 6,000 calls per day.

4.3 As would be expected, repairs enquiries to the CFC made up a greater proportion of calls handled than in the previous month (approximately 56% up from 48% in November). This sharp increase in demand impacted average waiting time which increased from that reported to the end of the previous quarter (24.49s).

4.4 Although calls were taking longer to answer during this busy period, a greater proportion of calls year to date were resolved at first contact (89.08% up from 88.58% to the end of quarter 2). The volume of calls also impacted the abandonment rate, which increased to 3.76% year to date from 2.96% reported to the end of quarter 2. The quarter 3 year to date figure is still significantly outperforming the target of 7%.

4.5 Call volumes has now returned to expected levels of 3,500 per day, Additional cold spells during quarter 4 could further impact on the likelihood of achieving year end targets. While the CFC is inducting 20 new staff in January and February which will support service levels in the future, in the short term this could impact on the number of calls staff can take per day.

Tenancy Sustainment

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

4.7 WHE's tenancy sustainment for the Charter measure is just below target at 89.80%, a small decrease on the year-to-date result for last quarter (90.23%) but only one sustained let below the 90% target. WHE is, however, meeting target for the revised measure. We are currently analysing the reasons for those tenancies not sustained. Housing Officers are carrying out annual visits to all our customers to ensure they have all the support they require and maximise sustainment wherever possible.

Table 2

Tenancy Sustainment	Charter	2022/23 Target	Revised	2022/23 Target
WHE	89.80%	90%	91.91%	91%

Complaints Handling

4.8 Performance for the ARC measure – average time for a full response to complaints – is achieving target year to date. There is room for improvement in stage 1 performance against the SPSO measure % of complaints that were fully closed within the timescale of 5 days, at 93.61% year to date.

4.9 Repairs remains the highest volume of complaints overall and we have taken learning from these complaints, as well as those relating to estate services and anti-social behaviour to deliver improvements. Further details on changes to our approach, lessons learned and actions we have taken as a result of the learning are set out in more detail below.

4.10 The new Business Improvement Team (BIT) is now in place and has a complaints improvement plan underway including a focus on:
- Increased awareness of the importance of complaints
- Improved analysis and learning

4.11 Working with colleagues across Group, BIT will use a suite of performance measures to ensure we effectivity manage, monitor, understand and learn from complaints. These performance measures include those reported to the SHR and, in the future, to SPSO.

4.12 While ARC measures have been in place for some time, SPSO measures are new. As previously reported to Boards in Q1 and Q2, clarification has been sought on the new SPSO measures and development underway. We are now able to share these measures as at the end of Q3 in advance of the full year results, due May 2023.

4.13 Q3 performance for ARC and SPSO measures is shown in Appendix 3. In future years, Boards will receive this information twice a year, in Q2 and Q4.

4.14 Current activities that will ensure a robust complaint monitoring system where we can learn from complaints and address the issues are as follows:

- Training additional staff in complaints handling and rolling out new training to existing staff
- Close working with the CFC to monitor commitments made and ensure that they are fulfilled
- Power BI reports to ensure teams across the business are well informed about complaints performance and key themes.

4.15 A key focus for actions at present is around repairs services. We know that approximately 50% of all complaints relate to repairs. Repairs are a major part of the business and we would therefore expect a high volume in this area; nonetheless, we have identified areas for improvement around repeat repairs, failed commitments and escalated complaints. Our new approach to mould and dampness will also assist with this.

4.16 More detailed analysis and learning is also being progressed. Initial lessons learnt include:

Estate Services – Stair Cleaning Services

- ‘You said’ – Some customers told us that the regular cleaning of the common areas has been missed, not completed to an acceptable standard and sign off sheets within the close are missing or not completed.

- ‘We did’ – We have rolled out the use of a ‘Mobile App’ which provides the opportunity for each cleaning squad to seek sign off from customers on completion of the cleaning service providing a ‘Real Time’ digital record logging customer satisfaction. In addition, staff will be able to send back pictures of the common areas. Each cleaning team will have access to the mobile app.

ASB

- You said – We received some complaints from customers that we were not dealing with noise issues as they would like. We also received this feedback from some customer engagement events.

- We did – It was often difficult for us to take action in relation to noise because there was little hard evidence. We have now been able to introduce a “Noise app”. This allows customers suffering repeated incidents of noise to record these. The recordings can help those creating the noise to understand the impact it has, and this is often enough to change behaviour. The recordings can also be used as evidence for more formal actions.

<u>Customer Voices</u>

4.17 Our customer voice programme has now achieved its targets for 2022/23. We have recruited a sufficient base of customer voices and are well positioned to develop our involvement with those customers through new engagement plans for 2023/24.

4.18 A key focus for our Customer Voices has been to diversify the range of tenants engaging with us. We have a new Customer Voice registration form which has been digitised onto MS forms and we are working to get all our customer voices, both new and existing, completing the new form. Our Stronger Voices team will be doing another push to complete this and we will carry out follow up emails/calls to those who are unable to complete the online survey. This will enable us to produce demographic information more efficiently and effectively for planning and reporting purposes.

4.19 During November 2022, four rent focus groups took place with tenants. The process, reported to Boards separately, engaged tenants on proposed options for rent and general service charge increases prior to a formal rent consultation. Focus Groups were organised with support from the Stronger Voices team and facilitated by independent research consultants BMG.

4.20 A Regional panel event took place this quarter which focussed on issues around the provision of welfare benefit and fuel advice services. A further panel themed around investment and compliance is scheduled for the final quarter of this year. A Scrutiny ‘bootcamp’ was also facilitated by Group Governance and TPAS to explore what is meant by ‘scrutiny’ in a housing context.

4.21 Next quarter, Customer Voices will be invited to take part in helping improve our repairs services. Specifically, we will engage around 70 customers from across Group in advising us on the SMS messaging aspect of the repairs service to improve communication over the coming year. The sessions will be supported by the Governance team and TPAS.

4.22 The W360 Community Improvement Partnership will also engage with customers in 2023/24 to deliver on the commitments contained in the new ‘neighbourliness charter’. This will help shape how we will work with communities to create connected, thriving and peaceful communities.

Table 4

Customer Voices Measure	Target YTD	Actual YTD	Annual Target
Number of Customers involved in the Customer Voices programme	190	295	200
Number of the Customer Voices activities carried out	51	137	54
Number of Geographical/ Regional panels	2	4	3
Number of customers involved in Geographical/ Regional panels	50	139	75
Number of Scrutiny panels	1	2	1

Making the Most of Our Homes and Assets

<u>New Build Programme</u>

4.23 Our target is to deliver a total of 281 new homes in 2022/23; 123 of which were carried over from 2021/22. Of these new homes, 44 are MMR and 237 social rent.

4.24 Year to date we have completed 143 new homes, with 14 units at Almondvale, 8 units at Blackness Road, 14 units at Penicuik and 12 units at Roslin Ph1 being completed during quarter three.

Table 5

Sites	YTD Handovers	YTD Target	Diff.
All Wheatley Homes East	**143**	**232**	**-89**
WHE	44	72	-42
The Wisp Phase 3C (Social)	0	35	-35
Roslin Ph1 (Social)	12	19	-7
Penicuik (Social)	14	0	14
South Gilmerton (Social)	18	18	0
Lanark Road, Edinburgh (MMR)	0	0	0
Ex-WLHP	99	160	-61
Almondvale (Social)	85	120	-35
Almondvale (MMR)	0	26	-26
Blackness Road (Social)	8	8	0
Blackness Road (MMR)	6	6	0

4.25 There are 4 projects on site with completions profiled for this year that are expected to be achieved. These are Almondvale (remaining 61 units), Wisp 3C (23 units), Roslin Phase 1 (19 units profiled) and Penicuik (23 units profiled). Accelerated handover of units at Roslin Phase 2 and Wallyford Plot 7 are also planned. Accelerated handover of 21 units is expected in January comprised 6 units at Roslin Phase 1, 6 units at Roslin Phase 2 and 9 units at Almondvale.

Planned to Reactive Spending

4.26 We set a strategic result to achieve a ratio of 60% planned to 40% reactive spend on maintaining our properties over the life of our strategy. Spend figures are subject to investment programme profiling throughout the year. Planned Spend includes core capital programmes, cyclical maintenance, and compliance.

4.27 As shown in Table 6, our planned spend ratio has decreased slightly compared the position to the end of the previous quarter (57.7%). The decision taken at the start of the year to prioritise reactive repairs to reduce the backlog from 2021/22 and the ongoing high repairs demand since quarter two – heightened due to the cold weather in December – means that we are unlikely to achieve 60% target by year end.

Table 6

Percentage Spend	2021/22 Planned spend	2022/23 YTD Planned	2022/23 YTD Reactive
WHE	58.6%	54.20%	45.18%

Volume of Emergency Repairs

4.28 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the new agreed baseline year of 2021/22. The target for 2022/23 is a reduction of 2.5%.

4.29 Emergency repair numbers had been tracking upwards during quarter 3 and peaked during the freezing temperatures and subsequent thaw in December. This is evident in the change in our variance which increased from -7.46% reported to the end of quarter 2 to +0.92% to the end of quarter 3. It is anticipated that we may reduce the variance closer to target by year end, albeit with volumes similar to 2021/22.

Table 7

Completed emergency repairs to end of June 2022	YTD 21/22	YTD 22/23	Variance
WHE	6,493	6,553	+0.92%

Repairs Timescales and Right First Time

4.30 As reported elsewhere in this report, high and increasing demand for repairs has been experienced through quarter 3. The significant increase in emergency repairs in December, as a result of the freezing temperatures and subsequent thaw, put significant pressure on our services and in turn negatively affected completion timescales.

4.31 The average time taken to complete our emergency and non-emergency repairs is detailed in Table 8. Emergency timescales have increased to 3.01 hours year to date (2.62 hours in quarter 2). Non-emergency repair timescales have also increased slightly to 6.45 days year to date (6.22 days to the end of quarter 3). The position is being regularly monitored through quarter 4.

Table 8

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Current Value	Target	Current Value
WHE	3.00	3.01	5.50	6.45

4.32 The % of Repairs Right First Time year to date to the end of quarter 3 is 95.08%, a small decrease on the position reported to the end of quarter 2 (95.21%). However, it is still meeting the 95% target. Given emergency demand in December, a higher number of non-emergency repairs were live at the end of quarter 3 creating challenges for further improvement on this measure to quarter 4/year-end.

Table 9

Percentage of repairs right first time (Charter)	2021/22	2022/23 YTD	Target	
WHE	94.14%	95.08%	95%	

Repairs Satisfaction

4.33 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has been increased from 87% last year to 89% this year. We are meeting target at 89.69%.

4.34 This is based on a rolling 12-month period. Satisfaction is based on the based on the postcards we issue after repairs, which are returned via white mail. We are now meeting target for this measure with satisfaction rising from 88.1% reported in quarter 2 to 89.69% this quarter. This is based on 417 survey responses in the last 12 months, compared to 166 responses last year (Dec 2021).

Table 10

	Current Value	2022/23 Target	
WHE	89.69%	89%	

4.35 There continues to be a range of service improvement activities underway which will in turn lead to improved communication with customers and improvements in service performance and satisfaction levels with the service.

Responsive repairs: Damp and mould

4.36 Following the update to the Board at its last meeting on our approach to property assurance, we are continuing to strengthen and improve our approach to ould related requests from customers and in doing so have made the following improvements to our processes:

- target to visit customers' homes within 48 hours of the Mould related request being raised;
- increased resources within our structure with additional specialist resources – Director with specific oversight of Damp/Mould/Rot and a qualified Building surveyor;
- individual properties being tracked daily on a case-by-case basis;
- every completed repair case receives a housing officer visit after ~1 week to provide assurance that the mould and damp is not recurring;
- an independent review of c10% of properties is underway across the Group, carried out by specialist property surveying firm JLL. The sample focuses on properties with greater potential risk or history of mould and damp; and
- forward investment programme will also focus on structural fixes where required.

4.37 For every case of mould reported an inspector will categorise it as follows:

Category 3 – Requires a fungicidal wash down and decoration (completed in one appointment)

Category 2 – As with category 1 but covering a larger physical area which will require a longer appointment to complete (completed in one appointment)

Category 1 – More extensive mould with underlying issue which will require follow on repairs required after the initial treatment of the mould. This will require more than one appointment or a more structural fix following the treatment of the mould. Any cases that would meet the UK Government's "Housing Health and Safety Rating System (HHSRS)" definition of posing a serious and immediate threat to health were the tenant to remain in situ with untreated mould are also included under this category.

4.38 We currently have 70 live cases for mould and 7 live damp and rot repairs. A breakdown of the current status of all mould cases is as follows:

Total Live cases	Category 3	Category 2	Category 1	Scheduled for inspection	No access – pending reappointment
70	55	14	1	0	0

4.39 In terms of the cases scheduled for inspection these include instances where the tenant has requested a specific date outwith the 48-hour period. Once works are completed, under any of the above categories, a housing officer follow up visit is arranged. This is around one week after the completion of works, to assess whether the customer is satisfied with the outcome and whether there has been any recurrence of the mould. In the latter case an urgent re-inspection is arranged.

4.40 Damp and mould cases cover approx. 1.5% of our stock, and as the table above highlights, the majority of these are minor in nature. By way of context, a recent report in England by the Regulator of Social Housing highlighted that 1%-2% of social housing in England had "notable" mould and damp.

4.41 We recently engaged with Housemark to get an understanding of the wider approach across the sector. They confirmed that our 48-hour commitment for an inspection was sector-leading and that our reporting and monitoring, weekly to the Executive Team and daily case reviews at operational management level, is also the strongest of any landlord they have engaged with.

Medical Adaptations

4.42 Time to complete medical adaptations has increased slightly in the year with the average days to complete year to date at 14.56 days compared to 12.62 to the end of quarter 2 but is still well within the targeted timescale. We have completed 174 adaptations in the year to date and currently have six households waiting.

Table 11

Medical Adaptations (Charter)	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target
WHE	6	174	14.56 days	35

Gas Safety

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

Table 12

Gas Safety Checks Unmet	2021/22	YTD 2022/23
WHE	0	0

Changing Lives and Communities

Peaceful Neighbourhoods

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

4.45 The most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour by our customers to Police Scotland. As at the end of December 2022, 72.2% of our communities are categorised as 'Peaceful' against a target of 68.5% for 2022/23. This is an increase from 69.2% last quarter.

Accidental Dwelling Fires

4.46 We set a Group wide strategic result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 215 ADFs in 2020/21. We have had eight ADFs to the end of quarter three of 2022/23, the same as the year end figure for 21/22. Of the six fires in quarter three, two were in October, one in November and three were in December.

Table 13

Number of recorded accidental dwelling fires	2021/22	2022/23 YTD
WHE	8	8

4.47 To support this reduction, there is an additional Strategy Measure to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 14

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

Classified as Public

Reducing Homelessness

4.48 Year to date to the end of quarter three, we have made 192 lets to homeless applicants, this contributes to the Group total of 1,793 lets made this year, against the Group target of 1,500.

4.49 When we consider the targeted measure of percentage of relevant lets made to homeless applicants – 'relevant lets' exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants – we are at 58.7% year to date to the end of quarter three against a target of 50%. This is an increase from 54.3% reported at the end of the last quarter.

Table 15

Percentage Lets to Homeless Applicants	Relevant Lets			Charter	
	YTD 2022/23	Target	2021/22 Result	YTD 2022/23	2021/22 Result
WHE	58.7%	50%	66.6%	48.5%	56.0%

Developing our Shared Capability

Sickness Absence

4.50 We are just above the 3% sickness target at 3.41% for the year to date. One member of staff is currently off long-term following surgery and on-going treatment. This member of staff is due to return to work early February, supported by a phased return programme.

Table 16

Sickness Rate	Target	2022/23 YTD	2021/22
WHE	3%	3.41%	3.10%

The top two reasons for absence for us in December are Stress/Anxiety (47%) and Minor Illness (32%). This is consistent with the position across Group and is reflective of the external pressures staff are experiencing (non-work related stress and anxiety) and of the virulent strain of cold/flu that affected the general population during December 2022 (Minor illness).

4.51 Staff are able to access the annual flu vaccine through a work-based program or through a local clinic that they can claim back the expense. All our managers and staff have access to a wide range of support from our employee relations team as well as access to wellbeing and occupational health.

Board Governance and Administration

4.52 The following measures are indicators of the underlying strength of our Boards and administration and will be reported quarterly in line with the Board timelines.

4.53 In quarter three, there were two vacancies across Group and Subsidiary Boards, the same as quarter two. Average attendance levels across Group and Subsidiary boards remains at 82%. There were also no instances where board reports were not issued 7 days in advance of Group and Subsidiary Boards within quarter 3, which was the same position as quarter 1 and quarter 2.

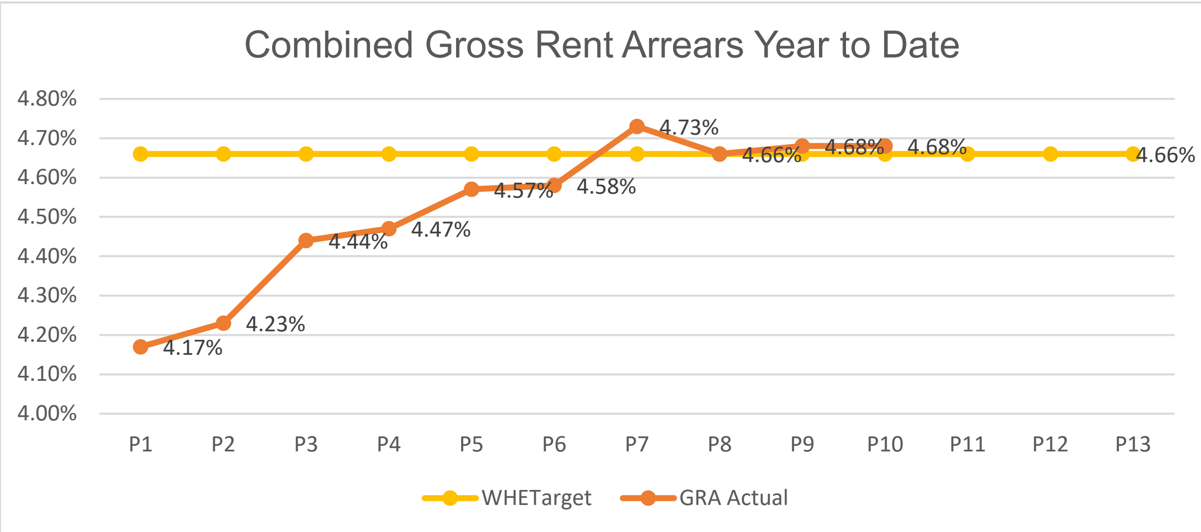
Table 17

Indicator	Target	2022/23 (YTD)
Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	5%	0%

Enabling our Ambitions

Gross Rent Arrears

Chart 1



4.54 Our strategic aim is to reduce arrears to 4.47% by 2026, and our target for this year is 4.66%. We are currently slightly above target at 4.68% at the end of December as seen in Chart 1 above.

4.55 We are proactively working to address arrears issues and support customers. This work is carried out throughout the year and currently as part of the Rent Campaign. Key initiatives include:

- Prioritising appropriate action to be taken for new claims, suspensions and appeals.
- Focus on increasing and high balance cases and transferred tenants with credits in former accounts.
- Head of Housing escalation letter for non-engagers.

- WHE joining forces with Loretto to bring together HOs for a Rent Day with focussed workshops on income and expenditure, difficult conversations, former tenant arrears, Group Debt Recovery Team, legal action, fuel advice and UC cases.

Average Days to Re-Let (Charter)

4.56 Our letting time year to date letting performance is above target at 18.38 days, an increase on our year-to-date position to the end of quarter two (17.73 days). We continue to monitor voids closely and work with our void team to reduce our average days to let.

Table 18

Average days to re-let (Charter)	2022/23 YTD		2022/22 Target	2021/22 Results
WHE	18.38		16	18.79

Summary of Strategic Project Delivery

4.57 An update on progress with strategic projects is attached at Appendix 2. The following table summarises the current status of projects by programme stream. Of the 17 projects, eight projects have completed, seven are on track and one is slipping, and one is overdue are showing slippage.

Table 19

Programme Stream	Complete	On track	Slippage	Overdue
Repairs	3	1	0	0
CFC	1	2	0	0
Engagement	2	1	0	0
Assets & Sustainability	0	1	1	0
Governance	2	0	0	0
Other	0	2	0	1
Total	**8**	**7**	**1**	**1**

4.58 Two projects completed this quarter:

- Improve Customer Contact & Communications *(Repairs Programme Stream)*
- Customer data collection exercise (Contact info, equalities and communication preferences) *(Engagement Programme Stream)*.

4.59 A change for the project *Corporate Estate,* part of the Assets & Sustainability Programme Stream, is proposed following ET agreement on the approach for Lipton House. Given the timescale for this work will now go beyond March 2023, it is proposed that the wording of milestone 4 is changed from 'CFC Lipton House complete' to 'CFC Lipton House approach agreed'. If approved this would allow the project to complete this year.

4.60 All other projects are expected to complete by the end of March 2023.

5. Customer Engagement

5.1 Our new engagement model continues to embed, with year-end targets having been achieved in quarter 3. Several strategic projects facilitate opportunity for customer engagement, as reflected earlier in this report and through progress notes in Appendix 2. This will directly impact the way we deliver services or the way they can be drawn down by customers.

6. Environmental and sustainability implications

6.1 We have added two new sustainability measures to support our ambitions in this area; the first to monitor the average new build CO2 output and the second to increase the percentage of stock at EPC 'B' rating. These will be reportable annually and are therefore not included in quarterly updates.

6.2 A key project for 2022/23 is the development of a strategic sustainability framework. The framework has now been approved and work is underway to launch the framework with staff, reflect the framework in our strategy refresh and develop appropriate measures and targets as part of the review of these for 2023/24.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2022/23 have been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme. Strategic projects for 2023/24 are currently being explored, with I.T., digital and data interdependencies a key factor.

8. Financial and value for money implications

8.1 The measures, targets and projects included in this report were agreed as part of the PMF and Delivery Plan for 2022/23. This approach focuses service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

8.2 There are no direct financial implications associated with this report, which are covered via the approved 2022/23 business plan.

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. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10. Risk Appetite and assessment

10.1 Our risk appetite in relation to governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

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.

11.2 Our equality, diversity and inclusion project, under the governance programme stream, is now complete. Our newly revised equality, diversity and inclusion policy will provide a stronger basis on which we can advance our ambitions.

11.3 Additionally, the expansion of our Customer Voices and collation of monitoring information will support co-creation and influence which is based on a more diverse range of perspectives.

12. Key issues and conclusions

12.1 Increasing demand, heightened by cold weather in December, negatively impacted both the CFC and repairs performance to the end of quarter 3. Work is ongoing to better manage changing demand and improve performance in these areas.

12.2 The challenges of the cost-of-living crisis remain for many of our tenants and we continue to work with internal teams such as the Foundation, money and fuel advice staff, as well as external organisations, to provide practical help for our tenants where possible.

12.3 While we continue to have strong performance in several key areas - our revised Tenancy Sustainment levels are within target and we have already met the outcomes set for the year end for Customer Voices - we are not currently meeting target in areas such as Gross Rent Arrears and Days to Let. Improvement plans are underway to help bring these measures back on target. Other areas remaining in focus include social housing new build completions and staff absence.

12.4 Good progress has been made with several strategic projects during quarter 3 with both the “Improve Customer Contact & Communications” and the “Strategic Governance Review” projects completing.

13. Recommendations

13.1 The Board is asked to note the contents of this report and note the strategic project change.

LIST OF APPENDICES:

Appendix 1 – Strategic Results Dashboard
Appendix 2 – Strategic Projects Dashboard
Appendix 3 – Complaints Dashboard (YTD Q3 ARC and SPSO measures)

Appendix 1 – Strategic Results Dashboard

1. Delivering Exceptional Customer Experience

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	5.83	5.16	6	
Average time for full response to all complaints (working days) - Stage 1	3.92	3.71	5	
Average time for full response to all complaints (working days) - Stage 2	18.92	18.14	20	
Group - % of first contact resolution at CFC	92.33% (March 2022)	89.08%	90%	
Group - Call abandonment rate	3.81% (March 2022)	4.46%	7%	
WHE - Call abandonment rate	New	3.76%	7%	
Group - Percentage calls passed to housing/commercial officers	New	6.78%	10%	
Group - % calls answered <30 seconds (Grade of Service)	71.2%	80.57%	80%	
WHE - % calls answered <30 seconds (Grade of Service)	New	81.24%	80%	
Group - Average waiting time (seconds)	30 (March 2022)	54.76	30	
WHE - Average waiting time (seconds)	New	37.8	30	
% new tenancies sustained for more than a year - overall	93.18%	89.8%	90%	
Number of customers involved in Customer Voices Programme	New	295	190	
Number of customer voices activities carried out	New	137	51	
Number of East Regional Panel sessions	New	4	2	

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Number of customers involved in East Regional Panel	New	139	50	
Number of Scrutiny focus groups	New	2	1	

2. Making the Most of Our Homes and Assets

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26	Apr to Dec 21/22 – 6,493	6,553	+0.92%	
Average time taken to complete emergency repairs (hours) – make safe	3.4	3.01	3	
Average time taken to complete non-emergency repairs (working days)	6.49	6.45	5.5	
% reactive repairs completed right first time	94.14%	95.08%	95%	
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	86.44%	89.69%	89%	
Average time to complete approved applications for medical adaptations (calendar days)	10.85	14.56	35	
% Planned repair spending	58.58%	54.20%	60%	
% Reactive repair spending	41.42%	45.18%	40%	
New build completions - Social Housing	36	44	72	
New build completions - Mid-market	25	0	0	
Ex-WLHP - New build completions - Social Housing	62	93	128	

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Ex-WLHP - New build completions - Mid-market	0	6	32	
Number of HSE or LA environmental team interventions	0	0	0	
Group - Number of open employee liability claims	8	8	Contextual	
Group - Number of days lost due to work related accidents	258	309	Contextual	
Number of new employee liability claims received	0	0	0	

3. Changing Lives and Communities

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% ASB resolved	100%	91.89%	98%	
% Lets Homeless Applicants - overall (ARC)	56%	48.48%	Contextual	
% Relevant lets to Homeless Applicants	63.36%	54.26%	50%	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	206	192	Contextual	
Dunedin Canmore - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	80	121	23	
WHE - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	83	127	26	
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	8	8	Contextual	

4. Developing Our Shared Capacity

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Group - Number of vacancies across Group and Subsidiary Boards	New	2	Contextual	
Group - Attendance levels across Group and Subsidiary Boards	New	80.5%	Contextual	
Group - Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	New	0%	5%	
Sickness Rate	3.21%	3.4%	3%	

5. Enabling Our Ambitions

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% lettable houses that became vacant	7.37%	7.1%	7.3%	
% court actions initiated which resulted in eviction - overall	11.11%	36.36%	33%	
Average time to re-let properties	18.79	18.38	16	
WHE C - Gross rent arrears (all tenants) as a % of rent due	New	4.68%	4.66%	
WHE A - Gross rent arrears (all tenants) as a % of rent due	4.16%	4.68%	4.66%	
WHE B - Gross rent arrears (all tenants) as a % of rent due	2.94%	4.68%	3.52%	

Appendix 2 - Strategic Projects Dashboard

A. Repairs Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Improve Customer Contact & Communications (b)	31-Dec-2022	✔	100%	01. Taking into account customer feedback, implement revised customer comms for all repair types (including owner repairs)	30-Jun-2022	Yes	Complete as previously reported
				02. Proposals for customer feedback to Boards developed and agreed	30-Jun-2022	Yes	
				03. Approach to real time repairs feedback on repairs agreed	31-Dec-2022	Yes	
Develop IT & Systems (b)	31-Dec-2022	✔	100%	01. CBG Servitor upgrade implemented	31-May-2022	Yes	Complete as previously reported
				02. Localz phase 1 installation (pilot with CBG)	31-Oct-2022	Yes	
				03. Localz phase 1 full roll out programme agreed	31-Dec-2022	Yes	
Service & process redesign (b)	30-Jun-2022	✔	100%	01. DGHP improvement plan defined and agreed	31-May-2022	Yes	Complete as previously reported
				02. Quick wins for the repairs service in the West implemented (opening up appts, better communication between CBG and CFC, approach to customer comms)	30-Jun-2022	Yes	
				03. Planning complete for implementing redesigned	30-Jun-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				repairs delivery model			
				04. DC approach to migrate to Group Servitor agreed	30-Jun-2022	Yes	
Meet the needs of owners (b)	31-Mar-2023		83%	01. Review owner billing inc. suitability of existing SoRs and approach to lower value jobs	30-Jun-2022	Yes	Good progress has been made. We are continuing to work through deploying improvements highlighted in the 'meeting the needs of owners' improvement plan. Some of the improvements are linked to other ongoing repairs projects currently in train, e.g. Book it, Rate It
				02. Review current approach to owner repairs and define & agree reshaped owner repairs service delivery model	30-Jun-2022	Yes	
				03. Review processes that support owner repairs service and refine	30-Jun-2022	Yes	
				04. Design and deliver customer engagement focus groups involving Lowther Tenants, that will improve communication and shape Lowther's repair service	31-Jul-2022	Yes	
				05. Implement revised processes to support owner repairs	31-Dec-2022	Yes	
				06. Deploy revised owner repair service delivery model	31-Mar-2023	No	

B. CFC Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
CFC interim review (b)	31-May-2022		100%	01. External interim review concluded	30-Apr-2022	Yes	Complete as previously reported
				02. Present findings of interim review to Group Board	30-Apr-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Present findings of interim review to RSL Boards	31-May-2022	Yes	
CFC second interim review (b)	31-Mar-2023		50%	01. Scope of second interim review finalised	31-Dec-2022	Yes	This interim review will be documented through a ‘one year on report’. It will be used to demonstrate performance, investment and improvements made in the CFC in year one of operations.
				02. Undertake second interim review	28-Feb-2023	No	
RSL digital services model (b)	31-Mar-2023		25%	01. Review existing digital services offering with customers, including existing usage rates, functionality, and projected future lifespan	31-Aug-2022	Yes	Following ET meeting 1/12/22, the project was updated as below: - Milestone 2 is now due by the end of January 2023 (originally 31/10/2022) - Milestone 3 description has now been updated from 'Undertake themed engagement discussions with Customer Voices' to ‘Undertake engagement with customers’. This has been completed through engagement via a survey which had over 1000 tenant responses.
				02. Scope future RSL digital services model, including role of apps, online services, repairs digital offering and self-service	31-Jan-2023	No	
				03. Undertake engagement with Customer Voices	28-Feb-2023	No	
				04. Present recommendations to ET for next 3 years	31-Mar-2023	No	

C. Engagement Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Wheatley Whole Family approach (b)	30-Sep-2022		100%	01. Complete the research phase, including survey of households with children and follow up focus groups	31-May-2022	Yes	Complete as previously reported

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				02. Present findings and proposed approach to ET	30-Jun-2022	Yes	
				03. Engagement with customer voices on the proposed Whole Family approach	31-Aug-2022	Yes	
				04. Final implementation approach agreed by ET	30-Sep-2022	Yes	
Engagement Framework – Phase 2 (b)	31-Mar-2023		60%	01. Develop a programme of engagement using customers' preferred methods	31-May-2022	Yes	The customer voices feedback will now be at the May governance event on repairs. This will allow the pilot to have operated for longer and it also builds on a wide range of pre pilot tenant engagement undertaken in January/February 23.
				02. 2022/23 Engagement plans, including mechanisms for allocation of funding, agreed by Boards	31-May-2022	Yes	
				03. Develop learning and development programme for staff as well as Customer and Community Voices	30-Sep-2022	Yes	
				04. Customer voices feedback to group wide governance event(s)	31-Mar-2023	No	
				05. Complete recruitment of Customer and Community Voices	31-Mar-2023	No	
Customer data collection exercise (Contact info, equalities and communication preferences) (b)	30-Nov-2022		100%	01. Project approach and proposed resource requirements agreed Group Executive	31-May-2022	Yes	Complete as previously reported
				02. Data collection exercise undertaken (RSL tenants, Lowther tenants & Care customers)	30-Sep-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Update to Group Executive on outcome of data collection exercise and proposed actions	31-Oct-2022	Yes	
				04. Update to Boards on outcome of data collection exercise	30-Nov-2022	Yes	

D. Assets & Sustainability Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Corporate Estate (b)	31-Mar-2023		80%	01. East Glasgow and Bathgate Hubs complete	31-Jul-2022	Yes	ET has now agreed the approach to Lipton House, including the first floor and, once the NETs team move to Brasswell, minor reconfiguration of the second floor. The timescale for this work will go beyond March 2023. As such, a project milestone wording change is proposed for milestone 4 – to 'CFC Lipton House approach agreed' – and has been agreed.
				02. West Glasgow Hub complete	30-Sep-2022	Yes	
				03. East Hub (NMR) complete	30-Sep-2022	Yes	
				04. CFC Lipton House complete	31-Dec-2022	No	
				05. South Hub (Dumfries) complete	31-Mar-2023	Yes	
Strategic Sustainability Framework (b)	31-Jan-2023		87%	01. Pathway to Net Zero Advisory Group recruited and in place	31-May-2022	Yes	Draft Framework now approved by Group Board will be launched by March 2023. An update on implementation and next steps is provided separately to this Board.
				02. Commission an independent review of energy efficient technologies and low emission heating systems installed to date	31-May-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Draft framework reviewed by Advisory Group	31-Jul-2022	Yes	
				04. Update on sustainability framework and independent review to Group Board	31-Aug-2022	Yes	
				05. Independent review complete	30-Sep-2022	Yes	
				06. Draft framework and outcome of independent review to ET	31-Oct-2022	Yes	
				07. Draft framework approved by Group Board	31-Dec-2022	Yes	
				08. Group wide launch of strategic sustainability framework	31-Jan-2023	No	

E. Governance Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Strategic Governance Review (b)	30-Nov-2022	✔	100%	01. Wheatley Homes Glasgow – all legal steps taken to officially change name	31-May-2022	Yes	Complete as previously reported
				02. East of Scotland partnership – stage 1 consultation complete	31-May-2022	Yes	
				03. East of Scotland partnership tenant ballot completed	30-Jun-2022	Yes	
				04. WLHP stock transfer completed	31-Jul-2022	Yes	
				05. Lowther Homes – undertake first annual self-	30-Nov-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				assurance statement (externally validated) and present to Board			
Equality, Diversity & Inclusion (b)	31-Oct-2022		100%	01. ET agree proposed survey approach for staff and tenants	31-May-2022	Yes	Complete as previously reported
				02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval	31-Aug-2022	Yes	
				03. Equalities results from customer data collection exercise analysed and proposed actions to Group Executive	30-Sep-2022	Yes	
				04. Update SHR Annual Assurance Statement on progress with equalities	31-Oct-2022	Yes	

H. Other - Changing Lives & Communities

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Implement year 2 of the Group Homelessness Framework (b)	31-Mar-2023		75%	01. Undertake a review of existing customer engagement in homelessness service design and delivery	30-Jun-2022	Yes	Milestone 3 now complete. We have agreed with Performance Team and Business Improvement team proposals for improvements for reporting and monitoring of tenancy sustainment. These will be presented to DMT and ET prior to next milestone deadline of 31st March 2023.
				02. Develop an action plan to maximise engagement opportunities	30-Nov-2022	Yes	
				03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting	31-Dec-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				04. Proposal drafted and available for ET review	31-Mar-2023	No	
Review of group allocations policy and systems (b)	31-Mar-2023		80%	01. Updates to policy agreed by ET and RSL Boards for consultation with tenants	31-May-2022	Yes	Milestone 4 (final milestone) in the project is to undertake testing of new Homes4D&G system. While this has commenced, we will wait until further elements of testing are complete before marking the milestone as complete.
				02. Undertake customer consultation	31-Jul-2022	Yes	
				03. Present findings to Wheatley Board	31-Aug-2022	Yes	
				04. Present findings to RSL Boards	30-Sep-2022	Yes	
				05. Undertake testing of the new system in D&G	31-Mar-2023	No	

J. Other - Enabling our Ambitions

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
NETs Digital service (b)	30-Nov-2022		80%	01. Undertake build phase	31-Jul-2022	Yes	Rollout to all NETS Staff was completed on the 26th January 2023. An update on this work is provided separately to this Board. Following this update, the project will be considered complete.
				02. Undertake testing of the product	31-Aug-2022	Yes	
				03. Commence pilot	30-Sep-2022	Yes	
				04. Go Live	30-Nov-2022	Yes	
				05. Provide update to Board	30-Nov-2022	No	

Appendix 3 – Complaints Dashboard Q3 2022/23 ARC and SPSO measures

1.1 This appendix supplements complaints operational measures included in the performance cover paper, providing ARC and SPSO measures for Q3.

1.2 The data used for both ARC and SPSO measures includes both tenants and RSL owners.

Charter (ARC) Measures

1.3 The table below outlines the average time for a full response (working days) by Stage 1 and Stage 2. Performance in 2022/23 is exceeding target this year.

<table>
<tr><th colspan="5">Charter - average time for a full response to complaints (working days)</th></tr>
<tr><th rowspan="2">Subsidiary</th><th colspan="2" rowspan="2">2021/22</th><th>2022/23 – YTD</th><th>Stage 1 5-day target, Stage 2 – 20-day target</th></tr>
<tr><th colspan="2">YTD</th></tr>
<tr><td rowspan="2">WHE</td><td>Stage 1</td><td>Stage 2</td><td>Stage 1</td><td>Stage 2</td></tr>
<tr><td>3.92</td><td>18.92</td><td>3.71</td><td>18.14</td></tr>
</table>

1.4 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined. We are achieving the new overall target of 6 days (reduced from 8 days last year).

<table>
<tr><th colspan="3">Charter - average time for a full response to complaints (working days)</th></tr>
<tr><th rowspan="2">Subsidiary</th><th rowspan="2">2021/22 Target - 8 days</th><th>Target – 6 days</th></tr>
<tr><th>YTD</th></tr>
<tr><td>WHE</td><td>5.83</td><td>5.16</td></tr>
</table>

1.5 It should be noted that the additional ARC complaints measures – The percentage of all complaints responded to in full at Stage 1 and Stage 2 – are calculated at year end and will therefore be reported annually.

SPSO Measures

1.6 SPSO measures include tenants and RSL owners. We are required to report on these indicators annually to the SPSO.

1.7 All indicators required for the annual submission are displayed below. In addition to this an annual report must be published no later than the end of October each year. As this is the first year, this will be developed after we have the full annual results at year end 2022/23 for publication by the end of October 2023.

1.8 Stages of complaints are defined as:

- Stage 1 complaints – received as Stage 1 complaints and are normally resolved on initial receipt at CFC or by front-line staff
- Stage 2 complaints – directly received as Stage 2, i.e. not escalated from Stage 1. This can be cases which are considered a risk to reputation or requires investigation due to the number of issues raised that could not have been reasonably resolved at Stage 1 as part of a frontline resolution.

- Escalated complaints – complaints that were received into the organisation at Stage 1 and later escalated to Stage 2.

1.9 An initial summary of the latest period and year-to date figures for each of the indicators are included below

Indicator 1 - total number of complaints received.

SPSO Indicator 1 - total number of complaints received		
Subsidiary	Stage 1 (this includes escalated complaints as they were first received at Stage 1)	Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1)
WHE	324	4

Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days. Full response has been given to customer/resolution has been reached, including those with outstanding actions. Extensions of time to a complaint will be included in the total count and will be considered "late".

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days			
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
	YTD	YTD	YTD
WHE	93.61%	100%	96.88%

Indicator 3 - the average time in working days for a full response to the complaints at each stage.

SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage			
	Stage 1 - average time in working days to respond to complaint	Stage 2 - average time in working days to respond to complaint	Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2
Subsidiary	YTD	YTD	YTD
WHE	3.71	19.80	18.00

Indicator 4 - the outcome of complaints as a % of overall complaints.

SPSO Indicator 4 - the outcome of complaints as a % of overall complaints				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
	YTD	YTD	YTD	YTD
WHE	37.38%	14.38%	27.80%	20.45%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
WHE	0.00%	20.00%	80.00%	0.00%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
WHE	46.88%	6.25%	46.88%	0.00%

Report

To: Wheatley Homes East Board

By: Chris Cameron, Finance Manager

Approved by: Pauline Turnock, Group Director of Finance

Subject: Finance Report to 31 December 2022

Date of Meeting: 9 February 2023

---

1. Purpose

1.1 The purpose of this paper is to provide the Board with:

- An overview of the management accounts for the period to 31 December 2022 including Q3 forecast;
- seek approval of the proposed amendment to our two finance contracts with the European Investment Bank (EIB) to change [redacted];
- [redacted] and
- provide an update on the review of the new build appraisal target return rate.

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 Finance Terms of Reference contained therein, this board is required to approve borrowing levels and any associated loan agreements, covenant returns and granting of security.

2.3 Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure the Group has the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

2.4 [redacted].

3. Background

Financial performance to 31 December 2023

3.1 The results for the period to 31 December are summarised below.

£000	Year to Date (Period 9) Actual	Budget	Variance
Turnover	34,049	31,570	2,479
Operating expenditure	(22,696)	(21,840)	(856)
Operating surplus	**11,353**	**9,730**	**1,623**
Operating margin	*33%*	*31%*	*2%*
Net interest payable	(5,143)	(5,338))	195
Surplus	**6,210**	**4,392**	**1,818**
Net Capital Expenditure	**20,303**	**13,369**	**(6,936)**

4. Discussion

4.1 *Period to 31 December 2022*

A statutory surplus of £6,210k for the period to 31 December 2022 is reported, which is £1,818k favourable to budget. The main driver of the variance is higher grant income recognised in the year.

Key points to note:

- Net rent is £214k adverse to budget due to a combination of delayed handovers at South Gilmerton, Wisp 3C and Almondvale (£207k adverse) and higher than forecast voids at WH East Hostel (£7k adverse).

- Grant income recognised is £2,710k favourable to budget due to handovers at Almondvale (37 units) and South Gilmerton (18 units) which were expected to complete in 2021/22, completing in 2022/23. 14 SR units at Penicuik have also completed ahead of schedule.

- Operating expenditure is £856k unfavourable to budget driven by higher repairs and maintenance costs which are £1,000k higher than budget mainly due to the higher level of customer demand for reactive repairs where there is a 33% ytd increase in job numbers v ytd 2019/20. Employee costs, running costs & bad debt savings have favourable positions which has partially offset the adverse variance in total expenditure arising from repairs.

- Gross interest payable of £5,148k is £195k favourable to budget, due to lower floating interest rates and lower loan balances drawn down in the first half of the year than assumed in the budget.

- Net capital expenditure is £20,303k for the period, £6,936k higher than budget. The capital investment programme spend is £545k higher than budget with higher than budgeted fire safety works at Parliament St as well as higher capitalised voids and repairs. The programme is being managed within the full year budget allocation. In addition, other capital expenditure includes accelerated refurbishment works and environmental works.

4.2 *Q3 2022/23 Full Year Forecast*

The Q3 2022/23 Full Year Forecast is summarised below.

	Q3 Full Year Forecast		
£000	**Budget**	**Forecast**	**Variance**
Turnover	44,344	52,233	7,889
Operating expenditure	(30,354)	(31,949)	(1,595)
Operating surplus	**13,990**	**20,284**	**6,294**
Operating margin	*16%*	*39%*	*23%*
Net interest payable	(7,296)	(7,186)	110
Surplus	**6,694**	**13,098**	**6,404**
Net Capital Expenditure	**22,097**	**25,727**	**(3,630)**

The forecast reports a statutory surplus of £13,098k for the full year out-turn to March 2023, which is £6,404k favourable to budget. The Q3 forecast has been prepared on a prudent basis and is reported after including provision for additional support to customers facing financial hardship through the launch of the Here for You Fund.

Key points to note:

- Gross rental income is forecast to be £258k adverse to budget, arising from delayed completions at South Gilmerton, Wisp 3C and also Almondvale.

- Grant income recognised upon completion of housing units is forecast to be £8,109k favourable to budget. This is due to units at South Gilmerton and Almondvale completing in 2022/23, which were delayed from 2021/22 as well as early completions at Roslin Ph1 & Ph2 and Wallyford.

- Direct running costs are expected to be £432k higher than budget, reflecting WH East's contribution to the Foundation for the Here For You Fund.

- Increased customer demand for repairs is expected for the remainder of the year and costs have been forecast £1,243k higher than budget.

- Forecast net capital expenditure of £25,727k is £3,630k higher than budget:

- Grant income received is forecast to be £6,627k higher than budget, arising from unbudgeted grant income from Westcraigs sites, Southfort and Raw Holdings. The new build programme expenditure is forecast to be £8,288k higher than budget due to the timing of the approval of sites not in the 22/23 budget (Southfort and Westcraigs 13) as well as accelerated spend at Roslin Ph2 and Wallyford 7.

- Core programme works are forecast to be £167k higher than budget due to higher capitalised voids and repairs in the year.

- Other capital expenditure forecast reflects budget reallocations within the group reflecting the revised reprofiling of the timing of refurbishment works.

- It is our aim to manage the forecast variations to budget within the parameters of the overall RSL Borrower Group budget for 2022/23, of which

WH East is part of. The Q3 forecast presented to the Board has been prepared on a prudent basis and including the higher provision made for repairs this year continues to report an underlying surplus of £4,158k, compared to the budgeted underlying surplus of £6,030k. The 2023/24 financial projections take account of the 2022/23 outturn and demonstrate that while repairs costs are higher, the ongoing business plan remains strong and viable.

4.3 *[redacted]*

- [redacted].
- [redacted]

4.4 *[redacted]*

- [redacted]

.

- [redacted]
- [redacted].
- [redacted].
- [redacted]:

Borrower	Amount	Drawdown Date	Expiry Date	Interest rate
[redacted]				

[redacted]**.**

- [redacted]:
- [redacter].

4.5 *Review of New Build Appraisal Target Return Rates*

Group Board approved an increase to the IRR target rates in their October 2022 meeting to reflect the increase in UK interest rates, and our associated increased cost of funding, and an increase in the risk element of the target rate to reflect the uncertainty created by the rent cap/freeze announcement in September. The approved rates are set out below:

i. 6.1% over 30 years for social rent developments for Wheatley Homes Glasgow, Wheatley Homes East and Loretto;
ii. 6.1% over 35 years for social rent developments for Wheatley Homes South; and
iii. 6.3% over 30 years for mid-market rental (“MMR”) developments across the Group

The October 2022 review was based on market forecasts for interest rates to peak during 2023 at between 4.25% and 4.50% as the Bank of England continues to take action to curb inflation. Recent inflation figures have reduced marginally from a peak of over 11% in October and markets continue to hold expectations for rates to peak at the same 4.25% - 4.50% level that informed that last target return rate review.

The review was also informed by the emergency legislation that was in place to cap social and private rent increases (including MMR) at 0% until March 2023. The Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights has since announced that the social rent cap legislation will expire on 31 March 2023, with Scottish Government stating that the Mid-Market and PRS sector will remain subject to a cap of 3% for 6 months from this date, with a potential extension for 6 months' thereafter. The continued uncertainty on MMR/PRS rent and the precedent created by the government intervention is such that it remain appropriate to retain the risk assessment factor included in the IRR rates, and the rates approved in October 2022 will be maintained for new build appraisal at this time. In line with policy, the IRR levels will be subject to review on a minimum frequency of every three years.

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.

6.2 The Allia loan does not have a direct sustainability-link, however, it is a requirement from Scottish Government that the funding is used for the supply of new social rent homes which meet stretching energy efficiency standards.

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 31 December 2022 is £1,818k favourable to budget. The underlying results for the period to 31 December 2022 were £1,437k unfavourable to budget, primarily due to higher repairs costs than budgeted arising from an increase in demand and inflationary pressures. These are expected to continue for the remainder of the year, leading to lower than budgeted underlying surplus of £4.2m compared to £6.0m forecast.

8.2 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 direct legal, regulatory and charitable implications arising from the Finance Report.

9.2 We have taken legal advice from Pinsent Masons in respect of the amendments to the EIB finance contracts. Pinsent Masons advised us on all other LIBOR transition amendments. We were advised by Brodies in respect of the Allia funding agreement. The Allia agreement is unsecured which results in a more efficient legal exercise than is the case where security is required.

9.3 There are no regulatory requirements arising from the amendments to the EIB finance contracts. The Scottish Housing Regulator is no longer required to provide consent for new debt facilities for RSLs, although they will be updated about our new Allia loan in our regular quarterly meetings.

9.4 There are no charitable implications arising from either the EIB amendments or the new Allia facility.

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".

10.2 Raising funding to support our ambitions is a Strategic Outcome under the Theme of Enabling our Ambitions. In the event of failure to secure appropriate funding and/or if our legal agreements are inaccurate, we would face financial, operational and reputational risk with our funders, auditors, the credit rating agency (S&P) and the Regulator and our ability to deliver new affordable homes would be adversely impacted.

10.3 Our agreed risk appetite for the operational delivery of raising funding is cautious, preferring safe delivery options that have a low degree of inherent risk. The previous track record of dealing with Allia, the associated pricing and the unsecured nature of the loan meets this risk criteria. The facility will be arranged at the Group treasury vehicle level (WFL1) which means it can be on-lent to any of the Wheatley RSL's, with all parties benefitting from the strong negotiating power of the wider Group for pricing and other terms & conditions. We have taken legal advice from qualified banking lawyers to ensure the facilities meet the expectations of existing and potential new funders and stakeholders.

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 31 December 2022. It also includes details of benchmark rate amendments to our EIB funding and a new loan to be delivered through WFL1 from Allia for the RSLs. An update on the review of our target internal rate of return (IRR) to be used for appraising new build projects is also provided.

13. Recommendations

13.1 The Board is requested to:

1) Note the management accounts for the period to 31 December 2022 at Appendix 1
2) Approve the amendments to the EIB finance contracts [redacted]
3) [redacted]
4) Note the outcome of the review of the internal rate of return targets

LIST OF APPENDICES:

Appendix 1: Period 9 – 31 December 2022 Finance Report with Q3 full year 2022/23 forecast
Appendix 2: [redacted]
Appendix 3: [redacted]
Appendix 4: [redacted]
Appendix 5: [redacted]
Appendix 6: [redacted]

Wheatley Homes East

Year to 31 December 2022
Finance Report

Wheatley Group

2) Period 9 2022/23 YTD – Operating Statement

Wheatley Homes East

	Year to 31 December2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	25,188	25,395	(207)	34,545
Void Losses	(422)	(415)	(7)	(560)
Net Rental Income	**24,766**	**24,980**	**(214)**	**33,985**
Grant Income Recognised in the Year	6,702	3,992	2,710	6,996
Other Income	2,581	2,598	(17)	3,363
TOTAL INCOME	**34,049**	**31,570**	**2,479**	**44,344**
EXPENDITURE				
Employee Costs - Direct	3,315	3,350	35	4,537
Employee Costs - Group Services	1,587	1,578	(9)	2,116
ER/VR	0	0	0	556
Direct Running Costs	2,972	2,988	16	4,011
Running Costs - Group Services	945	1,019	74	1,367
Revenue Repairs and Maintenance	4,684	3,684	(1,000)	5,068
Bad Debts	222	250	28	341
Depreciation	8,971	8,971	0	12,358
TOTAL EXPENDITURE	**22,696**	**21,840**	**(856)**	**30,354**
NET OPERATING SURPLUS / (DEFICIT)	**11,353**	**9,730**	**1,623**	**13,990**
Net Operating Margin	*33%*	*31%*	*2%*	*16%*
Interest receivable	5	5	(0)	7
Interest payable	(5,148)	(5,343)	195	(7,303)
STATUTORY SURPLUS / (DEFICIT)	**6,210**	**4,392**	**1,818**	**6,694**

	Year to 31 December2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**17,460**	**16,440**	**1,020**	**22,306**
Total Expenditure on Core Programme	5,164	4,619	(545)	5,851
New Build & Other Investment	29,707	23,866	(5,841)	37,042
Other Capital Expenditure	2,892	1,324	(1,568)	1,510
TOTAL CAPITAL EXPENDITURE	**37,763**	**29,809**	**(7,954)**	**44,403**
NET CAPITAL EXPENDITURE	**20,303**	**13,369**	**(6,936)**	**22,097**

Key highlights year to date:

The results and budget includes activities transferred from WLHP from 5 September 2022.

Net operating surplus of £11,353k is £1,623k favourable to budget. Statutory surplus for the period to 31 December is £6,210k, £1,818k favourable to budget. The main drivers of the variance are higher than budgeted grant income recognised offset in part by higher than budgeted repairs and maintenance costs.

Total income is £2,479k favourable to budget:

- Gross rent is £207k adverse to budget due to delayed completions at South Gilmerton, Wisp 3C and Almondvale. Void losses are £7k higher than budget with the variance relating to voids in DC Harbour while fire mitigation works were completed. The works completed in October.
- Grant income recognised is £2,710k favourable to budget due to handovers at Almondvale (37 units) and South Gilmerton (18 units) expected to complete in 2021/22, completing in 2022/23. Prior to date of transfer WLHP completed 48 units at Almondvale. 14 SR units at Penicuik have also completed in December, ahead of scheduled March completion date. 8 SR and 6 MMR units at Blackness Rd & 12 SR units at Roslin Ph1 have also completed in 2022/23.
- Other income of £2,581k is £17k adverse to variance mainly due to local authority income at WH East Harbour being £60k under budget. This is subject to ongoing contract discussions. This is partially offset by favourable performance in other areas including WHEPS currently £35k favourable to budget.

Total expenditure is £856k unfavourable to budget:

- Employee costs - direct are currently £35 favourable to budget, with £27k underspend in the hostel due to staff vacancies.
- Total running costs (direct and group services) are £90k favourable to budget with Group recharges £74k favourable to budget due to a number of departments currently reporting lower costs across Wheatley Solutions, contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £1,000k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £1,043k higher than budget, with cyclical and compliance spend £43k lower than budget. The increase in spend in responsive repairs is due to the clearance of repairs backlog by c600 jobs, an increase in demand (33% ytd increase in job numbers v ytd 2019/20) and inflationary pressures on the cost of materials.

Interest payable of £5,148k is £195k lower than budget linked to lower floating interest rates and loan drawdowns being required later than budgeted, leading to lower than budgeted interest costs.

Net capital expenditure of £20,303k is £6,936k higher than budget.

- Capital investment income relates to the cash receipt of new build and medical adaptation grants and is £1,020k higher than budget due to accelerated new build spend at Southfort leading to accelerated grant claims.
- Investment programme spend is £545k unfavourable to budget due to higher than budgeted fire safety works, mainly at Parliament St Hostel, as well as higher capitalised voids and repairs.
- New build spend of £29,707k is £5,841k higher than budget due to accelerated spend at Southfortt, Raw Holdings, Roslin Ph2 and Westcraigs. Spend at MacMerry is also higher than budget due to deferred spend from 21/22 being incurred in 22/23. This is partially offset by lower than budgeted spend at Penicuik and Rowanbank and Winchburgh BB.
- Other Capital Expenditure includes accelerated refurbishment works.

3) Underlying surplus – P9 December 2022

Key highlights:

- The Operating Statement (Income and Expenditure Account) on pages 2 and 3 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.

- The table below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.

- In the period to December 2022, while repairs costs are running higher than budget, we continue to generate a good level of underlying surplus with £3,315k reported.

WH East Underlying Surplus - December 2022				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net operating surplus	11,353	9,730	1,623	13,990
add back:				
Depreciation	8,971	8,971	0	12,358
less:				
Grant income	(6,702)	(3,992)	(2,710)	(7,171)
Net interest payable	(5,143)	(5,338)	195	(7,296)
Total expenditure on Core Programme	(5,164)	(4,619)	(545)	(5,851)
Underlying surplus	**3,315**	**4,752**	**(1,437)**	**6,030**

4) Period 9 – Property Services Operating Statement

	Year to 31 December 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Internal Subsidiaries	13,035	9,740	3,295	13,873
External Customers	218	172	46	222
TOTAL INCOME	**13,253**	**9,912**	**3,341**	**14,095**
COST OF SALES				
Staff	3,071	2,887	(184)	3,777
Materials	1,890	1,762	(128)	3,271
Subcontractor & Other Costs	5,875	3,242	(2,633)	4,500
TOTAL COST OF SALES	**10,836**	**7,891**	**(2,945)**	**11,547**
GROSS PROFIT/(LOSS)	**2,417**	**2,021**	**396**	**2,548**
Margin %	18%	20%	12%	18%
Overheads	2,177	1,816	(361)	2,462
NET PROFIT/(LOSS)	**240**	**205**	**35**	**86**

Key highlights year to date:

•Wheatley Homes East Property Services provides in house repairs and maintenance services to Wheatley Homes East and Lowther Homes. In the year to December 2022, Property Services is reporting a surplus of £240k, which is £35k favourable to budget.

•Income of £13,253k in the year is £3,341k favourable to budget

•Correspondingly, cost of sales are £2,945k higher than budget with higher levels of subcontractor work and material costs due to the increased demand for repairs services, as well as additional investment work carried out in the YTD. Salary costs are also £184k higher than budget, due to the appointment of 5 new roles within the Service to pick up emergency call outs improving response times, as well as agency staff and overtime hours being utilised to manage the high level of demand.

•Gross profit of £2,417k is £396k favourable to budget.

•Overhead expenditure includes vehicle, rent and running costs, rates, insurance and other staff and office related costs. These are £361k adverse to budget due to increased waste disposal in line with increase in work levels as well as higher rent & rates and higher vehicle running costs YTD.

5) Period 9 – Wheatley Homes East Harbour

	Year to 31 December 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	643	643	0	0
Void Losses	(99)	(32)	(67)	0
Net Rental Income	**544**	**611**	**(67)**	**0**
Local Authority Contract Income	299	359	(60)	(13)
Other Income	20	9	11	13
TOTAL INCOME	**863**	**979**	**(116)**	**0**
EXPENDITURE				
Employee Costs	595	622	27	0
Direct running Costs	218	279	61	(23)
Revenue Repairs and Maintenance	10	46	36	0
Bad Debts and Depreciation	0	0	0	0
TOTAL EXPENDITURE	**823**	**947**	**124**	**(23)**
NET OPERATING SURPLUS / (DEFICIT)	**40**	**32**	**8**	**23**

Key highlights year to date:

- The service is reporting a surplus of £40k which is £8k favourable to budget with lower costs across all categories contributing to the variance.
- Net rental income of £544k is £67k unfavourable to budget due to Fire mitigation works being undertaken (April – Oct) which required a whole floor at a time to be empty to allow the works to progress, which is resulting in higher void levels. Final works were completed on 3rd October resulting in the Harbour returning to full rental capacity.
- Local authority income is £60k adverse to budget. This is due to ongoing discussions with City of Edinburgh Council regarding the revised contract.
- Employee costs of £595k are £27k favourable to budget due to 1.5 FTE staff vacancies.
- Running costs of £218k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £61k favourable to budget largely due to budgeted additional costs associated with the contract negotiations with City of Edinburgh Council, which has not been agreed yet.
- Repairs and maintenance expenditure of £10k are £36k under budget.

6) Management information – Repairs and investment

WH East	Year to 31 December 2022		
	Actual	Budget	Variance
Responsive Repairs	3,328	2,285	(1,043)
Cyclical Maintenance	1,356	1,399	43
TOTAL	**4,684**	**3,684**	**(1,000)**

WH East Investment Works	Year to 31 December 2022		
	Actual £k	Budget £k	Variance £k
Investment Works Income			
Disabled Adaptions Grant	126	89	37
SHNZ	0	0	0
Investment Works IncomeTotal	**126**	**89**	**37**
Investment Works Expenditure			
Core Programme (excl. SHNZ)	2,644	2,674	30
SHNZ	18	0	(18)
Capitalised Repairs	991	638	(353)
Disabled adaptations	170	141	(29)
Voids	734	575	(159)
Capitalised Staff	607	591	(16)
Investment Works Expenditure Total	**5,164**	**4,619**	**(545)**
Net Total	**5,038**	**4,530**	**(508)**

Key highlights year to date:

Repairs and maintenance

- Responsive repairs spend is £1,043k unfavourable to budget, largely driven by continuing high customer demand. Completed jobs in the months of April – October have increased 33% on 2019/20 figures picking up lower activity levels from the previous two years.

- Cyclical repairs spend is £43k favourable to budget due to the timing of programmed works.

Investment

- Investment spend to 31 December is £545k unfavourable to budget. The variance reflects higher than budgeted Core Programme fire mitigation works at the Hostel. Capitalised repairs are £353k over budget with a large volume of 2-to-3-day major repair jobs being passed to the workshop. Disabled adaptation spend £29k above budget with disabled adaptation grant income £37k favourable to budget.

- Void costs of £734k are £159k unfavourable to budget. The average cost per void job is 17% higher year on year due to higher material costs, properties being in a greater state of disrepair when inspected by the Housing Officer and a greater number of major/ full clearances being needed.

7) Management information – New Build Programme

[redacted]

Investment spend at end of P9 was £29.7m against budget of £23.9m, £5.8m higher than budget.

- ***Deans South Ph 1B (SR/65): A***pproved by WDSL Board Nov 2022. Grant application submitted and SG Technical Review is ongoing.
- ***MacMerry (SR/36):*** Under construction. Progress satisfactory. Spend ahead of budget due to catch up works from 2021/22.
- ***Penicuik (SR/57):*** Under construction, progress satisfactory. Spend lower than budget YTD due to accelerated spend in Q4 2021/22. 14 units handed over in December. Next handovers February 2023.
- ***Roslin (SR/38):*** Under construction, progressing well. Spend accelerated in 2021/22 resulting in underspend in 2022/23. Handover of 12 units in Nov 2022. Further 12 handovers planned Q4 2022/23.
- ***Rowanbank (SR/33):*** Under construction, delays due to material and labour supply. Accelerated spend in Q4 2021/22 has led to an underspend in 2022/23.
- ***South Gilmerton (SR/52):*** Complete Final 18 units handed over in September 2022.
- ***The Wisp 3C (SR/35):*** Handover projected March 2023 due to delays with the service installations.
- ***[redacted]***

8) Balance sheet

	31 December 2022 £'000	31 March 2022 £'000
Fixed Assets		
Social Housing Properties	453,809	369,689
Other Fixed Assets	9,680	6,622
Investment Properties	34,860	34,860
	498,349	411,171
Current Assets		
Stock	847	717
Trade debtors	547	541
Other debtors	2,621	7,011
Rent & Service charge arrears	1,550	1,291
less: Provision for rent arrears	(822)	(796)
Prepayments and accrued income	974	616
Intercompany debtors	704	2,321
Total Debtors	5,575	10,984
Cash & Cash Equivalents	5,003	1,953
	11,426	13,654
Creditors: within 1 year		
Trade Creditors	(324)	(2,102)
Accruals	(4,309)	(3,802)
Deferred Income	(44,009)	(25,200)
Prepayments of Rent and Service Charge	(1,788)	(1,607)
Other Creditors	(395)	(853)
Amounts due to Group Undertakings	(9,196)	(6,687)
	(60,019)	(40,251)
Net Current Liability	(48,594)	(26,597)
Long Term Creditors		
Loans	(34,544)	(34,147)
Amounts due to Group Undertakings	(167,328)	(128,849)
Pension Liability	0	0
Net Assets	**247,882**	**221,578**
Capital and Reserves		
Share Capital	-	-
Revenue Reserve b/f	221,578	221,578
Surplus in the year	6,210	
Revenue Reserve transferred from WLHP	20,094	
Association's funds	**247,882**	**221,578**

Key highlights year to date:

The balance sheet reported reflects the audited statutory accounts to 31 March 2022 and includes year end statutory adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme. Following the transfer of WLHP to DC on the 5th September the balance sheet now reflects a combined position under Wheatley Homes East.

- The value of our **fixed assets** reflects additions in the year less depreciation.
- **Debtors** include other debtors of £2.6m, which is a reduction of £4.4m from March 2022. This is due to receipt of grant income owed from Scottish Government. Prepayments and accrued income of £1.0m has increased £0.4m relating to owner occupied repairs works. Rent arrears of £0.7m (after bad debt provision) have increased £0.2m YTD.
- **Cash at Bank** – At 31 December, cash at bank was £5.0m.
- **Short-Term Creditors** – Amounts due within one year of £60.0m includes £9.2m due to other Wheatley entities, £4.3m in accruals and £44.0m in deferred income. The increase in deferred income relates to grants received in advance of new build completions from both DC and those transferred over from WLHP (£7.9m). The remaining balance includes rent received in advance from our tenants, trade and other creditors (factoring deposits and payroll creditors).
- **Loans** of £201.9m relate to funding drawn down from WFL1 DC (£138.3m) and WLHP (£29.0m), and external funding of £34.5m due to THFC and Allia (inclusive of rolled up interest charges).

9) Quarter 3 Forecast to 31 March 2023

	2022/23 Budget £ks	Q3 Forecast £ks	Variance £ks
INCOME			
Rental Income	34,545	34,287	(258)
Void Losses	(560)	(560)	-
Net Rental Income	**33,985**	**33,727**	**(258)**
Grant Income Recognised in the Year	7,171	15,280	8,109
Other Income	3,188	3,226	38
TOTAL INCOME	**44,344**	**52,233**	**7,889**
EXPENDITURE			
Employee Costs - Direct	4,537	4,537	0
Employee Costs - Group Services	2,116	2,116	0
ER/VR	556	556	0
Direct Running Costs	4,011	4,443	(432)
Running Costs - Group Services	1,367	1,287	80
Revenue Repairs and Maintenance	5,068	6,311	(1,243)
Bad Debts	341	341	0
Depreciation	12,358	12,358	0
TOTAL EXPENDITURE	**30,354**	**31,949**	**(1,595)**
NET OPERATING SURPLUS / (DEFICIT)	**13,990**	**20,284**	**6,294**
Net Operating Margin	*16%*	*39%*	*23%*
Interest receivable	7	7	0
Interest payable	(7,303)	(7,193)	110
STATUTORY SURPLUS / (DEFICIT)	**6,694**	**13,098**	**6,404**

	2022/23 Budget £ks	Q3 Forecast £ks	Variance £ks
INVESTMENT			
Total Capital Investment Income	**22,306**	**28,933**	**6,627**
Total Expenditure on Investment	5,851	6,018	(167)
New Build & Other Investment	37,042	45,330	(8,288)
Other Capital Expenditure	1,510	3,312	(1,802)
TOTAL CAPITAL EXPENDITURE	**44,403**	**54,660**	**(10,257)**
NET CAPITAL EXPENDITURE	**22,097**	**25,727**	**(3,630)**

Wheatley Homes East

Comments

This table shows the 2022/23 budget compared to the Q3 forecast for 2022/23. The forecast out-turn reflects the results for the year to date as well as expected expenditure for the remaining 3 months of the year.

The forecast statutory surplus of £13,098k is £6,404k favourable to budget due to higher than budgeted grant income recognised. The forecast includes an additional provision in recognition of the higher repairs demand this year and the donation to the Foundation for the Here For You Fund. The business is able to accommodate these additional costs and continues to deliver an underlying operating surplus of £4,158k.

- Rental Income is forecast to be £258k unfavourable to budget due to delayed handovers at South Gilmerton, Almondvale and the Wisp.
- Grant income recognised of £15,280k is £8,109k favourable to budget attributable to the timing of new build completions. Almondvale and South Gilmerton were delayed completions scheduled for 2021/22 now completing in 2022/23 together with early completions forecast at Roslin Ph1 & Ph2 and Wallyford. These are offset partially by forecast delays to handovers at Penicuik and Wisp 3C.
- Other income is forecast to be £38k favourable to budget due to the anticipated Social Housing Net Zero grant income.
- Direct running costs are expected to be £432k unfavourable to budget after making provision for additional Here For You funding passed to the Foundation and an increase in the insurance premium. Group running costs are favourable by £80k due to central cost savings which have been allocated appropriately across the Group.
- Repairs and maintenance spend is forecast to be £1,243k higher than budget driven by continuing high demand year on as higher costs per repair than previously seen and inflationary pressures.
- Interest payable is expected to be £110k favourable to budget at year end, with lower costs arising due to lower loan drawdowns than anticipated.

Investment:

- New build expenditure is forecast to be £8,288k over budget due to accelerated spend at Westcraigs 13, Southfort, Roslin Ph2 and Wallyford 7 which is forecast to result in early handovers at the latter two sites. There is also overspend at MacMerry due to underspend in 21/22 being recognised in the current year.
- Grant income is expected to be £6,627k higher than the original budget mainly as a result of unbudgeted forecast grant income from Westcraigs sites, Southfort and Raw Holdings.
- Core programme works are forecast to be £167k higher than budget due to higher capitalised voids and repairs and additional spend on the Social Housing Net Zero project.
- Other capital expenditure reflects budget reallocations within the group reflecting the revised reprofiling of the timing of refurbishment works.

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: **9 February 2023**

---

1. Purpose

1.1 To provide the annual agenda planner to the Board for review.

2. Authorising and strategic context

2.1 Under our Terms of Reference, we have responsibility for managing our own business. We do this taking account of the matters reserved to the Group Board as set out in the Group Standing Orders and in accordance with our intra-group agreement with Wheatley Housing Group.

3. Background

3.1 Our rolling agenda planner helps to ensure the Board can manage its meetings to ensure the appropriate balance between oversight and strategy. It also helps ensure we can schedule in compliance related matters, such as regulatory returns and annual accounts, to ensure these are approved at the appropriate time.

4. Discussion

Annual Board Agenda Planner

4.1 Having an annual Board agenda planner enables the Board to have an understanding of and to directly influence Board activity for the year ahead.

4.2 The annual board agenda planner is attached at Appendix 1 and takes account of both recurring business items and items relating to our strategy. Some of the items are designated as unallocated and will be slotted into the appropriate meeting as discussion and work in these areas progresses.

4.3 The annual planner will be maintained on AdminControl for the Board's visibility.

5. Customer engagement

5.1 There has been no direct engagement with customers in relation to this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 There are no financial implications arising from the recommendations contained within this report.

9. Legal, regulatory and charitable implications

9.1 There are no specific legal, regulatory or charitable implications arising from this report. There is a regulatory requirement to hold a minimum of six Board meetings per year, which is reflected in how we plan our business and meetings. Similarly, planning our business helps to ensure we consider and approve any legal or regulatory returns on time, for example the Annual Return on Charter.

10. Risk appetite and assessment

10.1 Our agreed risk appetite in relation to both our governance structure and our adherence to laws and regulations is “cautious”. We mitigate some of the risk in these areas through our approach to Board planning.

11. Equalities implications

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

12. Key issues and conclusions

12.1 Board planning, both in terms of personnel as well as annual business, is a key strength and helps us to ensure that we have effective arrangements in place to achieve our strategic objectives.

13. Recommendations

13.1 The Board is asked to note the annual Board agenda planner.

LIST OF APPENDICES

Appendix 1– Annual Board Agenda Planner

Wheatley Homes East

Appendix 1: Annual Board Agenda Planner 2023

Meeting date	Items
9 February 2023	1. Rent and Service charges 2023/24 2. Finance projections 2023/24 3. Five-year Development programme 4. Five-year capital investment plan in existing homes 5. Customer insights update 6. Care Evaluation – reprovisioning of East services (HMOs) 7. Performance Report 8. Finance Report 9. Governance update 10. Group Sustainability Framework 11. Corporate risk register
23 March 2023	1. Assurance Update 2. Finance and 23/34 budget 3. Gender Pay Gap presentation 4. Damp and Mould policy and procedure 5. Home Safe Building Compliance Update 6. Repairs update 7. Cyber security update 8. Governance update 9. Procurement policy
25 May 2023	1. 22/23 ARC return and year end performance 2. Delivery plan 23/24-*KPIs and targets* 3. Finance report-*loan portfolio submission, summary sheet, financial data and projections*

Meeting date	Items
	4. Corporate risk register 5. Fire prevention and mitigation 6. Acquisitions and disposals update 7.Complaint handling and performance 8. Group Social Media Policy
17 August 2023	1. Governance Update- AGM, Modern Slavery, Board Appraisals, succession plans 2. Financial Statements-letter of rep, letter of comfort 3. Complaint handling and performance 4. Annual Internal Audit Report and opinion 5. Performance Report 6. Finance Report 7. Corporate risk register
21 September 2023	1. Development mid-year update 2. Finance Report 3. Health and safety update
23 November 2023	1. 2024 rent setting 2. Governance update-*Assurance statement* 3. Q2 Performance 4. Finance report 5. Corporate Risk register 6. Assurance update 7. Complaints half year update
Unallocated	Updated WH-E Strategy Tenant Satisfaction Survey - planned approach Tenant Satisfaction Survey – results Further repairs updates Foundation update

Report

To:	**Wheatley Homes East Board**
By:	**Stephen Devine, Director of Assets and Sustainability**
Approved by:	**Frank McCafferty, Group Director of Repairs and Assets**
Subject:	**Group Sustainability Framework**
Date of Meeting:	**9 February 2023**

---

1. Purpose

1.1 To ask the Wheatley Homes East Board to note the attached Group Sustainability Framework.

2. Authorising and strategic context

2.1 Decisions on group strategy are for Wheatley Group Board under our standing orders.

2.2 'Setting the benchmark for sustainability and reducing carbon footprint' is a stated key outcome in Your Home, Your Community, Your Future. This Sustainability Framework provides the direction for how this vision will be realised.

2.3 The Sustainability Framework presented here was approved by the Group Board at its meeting on 14 December 2022, and considered previously by Wheatley Solutions, who lead on sustainability, and our expert PNAG (Pathway to Net Zero Advisory Group). Both were supportive of the framework.

3. Background

3.1 As a group we already undertake a wide range of actions that lead to positive sustainability outcomes include through our investment in existing homes, the quality of our new build properties and our varied programmes to improve neighbourhoods and communities. To date our strategic direction on sustainability has been set through our commitment to 'setting the benchmark for sustainability' in Your Home, Your Community, Your Future and through related targets including to reduce emissions of CO_2 from our existing homes by 20,000 tonnes by 2026 and to be carbon neutral in our corporate estate by the same date.

4. Discussion

4.1 The Sustainability Framework provided at Appendix 1 is a first for our Group. It is intended to provide a focus on sustainability, group wide with particular emphasis on our main sources of emissions - our existing homes and their heating systems, our new build properties and our business operations. The first two of these are particularly applicable to Wheatley Homes East including in meeting stated Government policy requirements for:

- improved energy efficiency in existing homes.
- the need to install new or replacement fossil fuel heating systems to be phased out (in off-gas grid areas) from 2025 and all areas in 2030, and to install a zero-emission heating systems.

4.2 The main themes in the framework have been discussed previously by the Group Board and other Group partners, especially Wheatley Solutions, and PNAG. These discussions were lively and varied, and have helped shape the framework. Key points from discussions included:

- that focus was essential and that we should not over commit ourselves to delivering against all global sustainability goals;
- the need to tailor approaches to improving fabric-first energy efficiency by property architype;
- the prominent role that heat networks are likely to play in decarbonising heating systems in our properties;
- recognition of our willingness to go beyond challenging levels set through building standards in our specification for new build homes;
- that any particular activities to promote bio-diversity in our communities should involve extensive customer engagement to ensure buy in;
- that approaches in rural areas will differ from those in urban;
- the importance of developing behaviours to support sustainability objectives, alongside particular initiatives.

4.3 Our intention is to launch the framework during the final quarter of 2022/23. Launch activities will focus particularly on staff, with the customer and stakeholder focus being on projects – such as retrofitting homes, deploying connected response and green infrastructure (e.g. cycle stores, EV charging etc) – under our greener homes, greener lives banner.

4.4 Launch activities will include developing an easily accessible summary version for staff, engaging leaders through existing collaboration forums so they have the necessary understanding to share the framework with their teams, and staff workshop session that build on the sustainability taster and mobilisation sessions we ran earlier this year in conjunction with Planet Mark.

5. Customer Engagement

5.1. Discussions were held with customers, form our Customer Voices network, on the main areas of the framework. There was broad support for the ideas in the framework and especially the importance of improving energy efficiency in existing homes, ensuring that customers were not financial disadvantaged by changes we make and providing on-going advice and guidance to help customers get the most from their heating systems.

5.2. These initial discussions are helpful in ensuring the framework has relevance and in engaging customers in sustainability priorities. Further engagement with customers, and staff, will be essential in implementing the framework to build understanding and to provide a platform for action in daily lives to address the climate emergency. This is a significant aspect of the framework.

6. Environmental and sustainability implications

6.1 This report and the attached framework focus on environmental and sustainability implications.

7. Digital transformation alignment

7.1 Where applicable digital techniques and innovation will be used to support execution of the framework.

8. Financial and value for money implications

8.1 As set out our in the framework there are significant financial implications in achieving sustainability outcomes. The framework makes clear that we do not expect customers to pay for this through increased rents or reduced services. As now, we will work closely with our funders, government and other partners to identify funding sources that will be needed to achieve the objectives in the framework.

9. Legal, regulatory and charitable implications

9.1 The framework, and the actions resulting from it will help focus our efforts including to ensure we meet regulatory objectives relating to sustainability

10. Risk Appetite and assessment

10.1 Our risk appetite for setting the benchmark for sustainability and reducing carbon footprint is as follows:

- ***Financial or VFM: Open*** *- A significant investment in retrofitting will be required to increase the energy efficiency and reduce the carbon footprint of our existing homes. In this context we are prepared to invest for reward, considering both the value and benefits which this investment will bring. However, we must still minimise the possibility of financial loss by managing risks to a tolerable level.*

- ***Reputation and Credibility: Open*** *- We aim to establish Wheatley Group as a role-model for sustainability nationally and beyond, as well as influencing the rest of the sector to raise its standards. We seek to partner with the Scottish Government and other organisations (e.g. Sustainable Glasgow) to achieve our common climate change and sustainable development goals. We are prepared to be innovative to deliver these aims and take decisions that might expose us to additional scrutiny, but only where success is likely and we have taken appropriate steps to minimise any negative exposure.*

- ***Operational Delivery: Hungry*** *- We are eager to be innovative and pioneer new approaches to sustainability through the delivery of innovative energy generation opportunities. We will prioritise solutions that enhance control and cost savings for customers, and work with research partners to solve long standing challenges for improving energy efficiency in non-standard construction types. We are prepared to take greater risks where we believe opportunities will significantly support our aim to 'break the mould' and establish us as a leader in sustainability and reducing carbon footprint.*

- ***Compliance: Legal / Regulatory: Cautious*** *- this area is gaining more importance for stakeholders, including potential investors, staff and customers. We must be able to demonstrate that we have taken action to comply with all existing and emerging legislative and regulatory requirements in this area and be reasonably sure we would win any challenge.*

10.2 The framework presented here is in keeping with this risk profile and provides direction for how these risks will addressed.

11. Equalities implications

11.1 Equalities implications will be assessed as part of the actions that are undertaken in implementing the Group Sustainability Framework.

12. Key issues and conclusions

12.1 The Sustainability Framework is a first for Wheatley and is intended to define how we will 'set the benchmark for sustainability' as we have committed to in Your Home, Your Community, Your Future.

13. Recommendations

13.1 The Wheatley Homes East Board is asked to note the Group Sustainability Framework at Appendix 1.

LIST OF APPENCIES:

Appendix 1: Group Sustainability Framework [redacted} can be found here

Report

To: **Wheatley Homes East Board**

By: **Laura Henderson, Managing Director**

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

Subject: **Corporate Risk Register**

Date of Meeting: **9 February 2023**

---

1. Purpose

1.1 This report asks the Wheatley Homes East 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 Board Terms of Reference, we are responsible for managing and monitoring our Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

2.2 Risk registers are in place across the Group and are reported to each subsidiary board on a quarterly basis. These capture risks that may impact on the delivery of the Board's strategic aims.

3. Background

3.1 The paper gives an overview of Wheatley Homes East's current risk position for consideration by the Board. 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 by the Board are also set out in Section C – Horizon Scanning. This will include new risks, risks to be removed from the Risk Register, or risks with a significant change in scoring. Section C also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile.

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 paragraphs 3.1 and 3.2) 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.

5					
4			• Failure to recruit, develop, retain and succession plan	• Cyber Security (A) • Impact on our customers of the Cost-of-Living crisis • Reduced availability of financial support from SGov't/Local Govt	
3		• Business Continuity/ DR • Damp and Mould (C) • Rent Arrears arising from UC • Group Development Programme	• New operating model implementation • Financial impact of rent control legislation (A) • Future waves of pandemic • Fire Safety (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)	• Climate change impact on Group assets and services	• Supply chain disruption
2				• Laws and Regulations	
1					

1 2 3 4 5

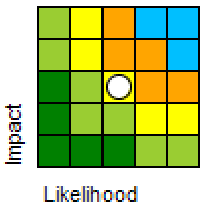
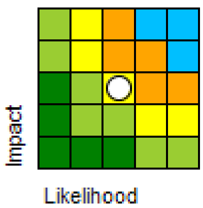
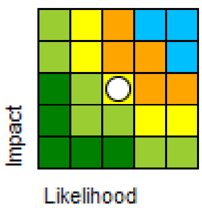
Impact

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. These are set out in the table below.

Risk	Residual Risk Score	Risk Appetite Level	Commentary
[redacted]			
RISK022 – Financial impact of rent control legislation		Minimal	The Scottish Government has confirmed that the rent control legislation will lapse from 1 April 2023 for social housing. The legislation will remain in place for private and MMR properties, and there will be a 3% rent increase cap in place until 1 October 2023. There is still a risk of further Scottish Government intervention in future, and until the position is more settled, the risk scoring will be maintained.
RISK 003- Fire Safety		Minimal	The risk scoring reflects the high potential impact associated with fire and the Group's limited ability to influence the behaviour of those external to the organisation.
RISK 010 – Group Credit Rating		Minimal	The residual risk score has increased 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.

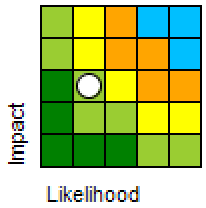
4.4 The implementation of any identified actions will be monitored and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

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 12, and 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 Following review of the operating environment, the following risks have been highlighted for consideration by the Board. We will no longer ask the Board to approve minor changes. The table below summarises the key changes to the risks within the Corporate Risk Register:

Risk	Residual Risk Score	Risk Appetite Level	Commentary
NEW RISK: RISK 053: Damp and Mould		Minimal	This risk has been added to the Strategic Risk Register in response to the risk to tenant health caused by damp and mould. The cost-of-living crisis, and in particular the increased cost of heating, increases the risk that tenants may face such issues, as properties become colder and less ventilated. Propose to add to WH-East risk register to monitor.

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 plans 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 and one new risk for Board consideration.

13. Recommendations

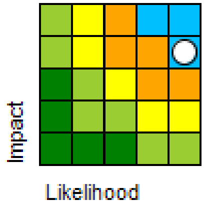
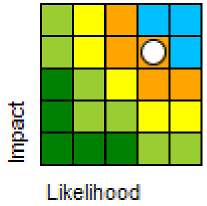
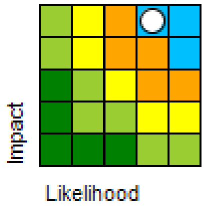
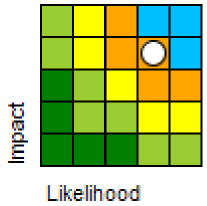
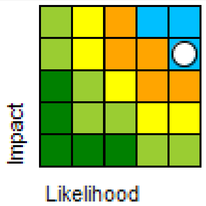
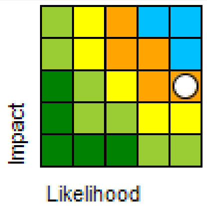
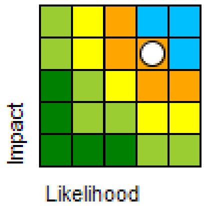
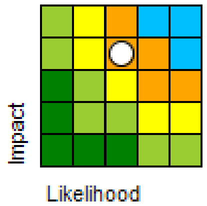
13.1 The Board is asked to:

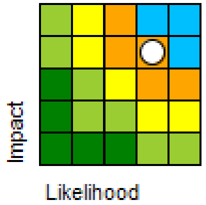
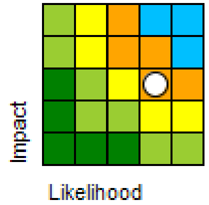
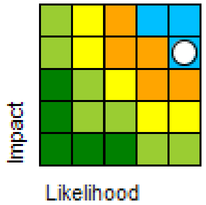
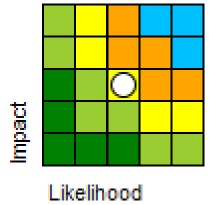
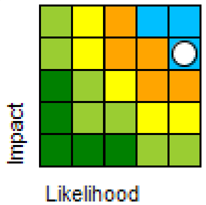
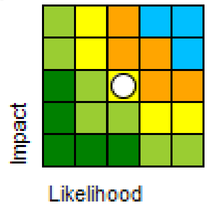
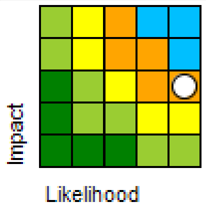
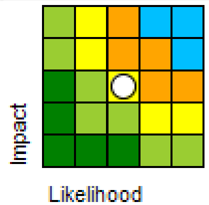
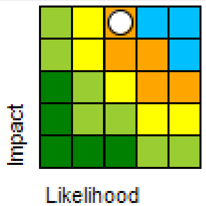
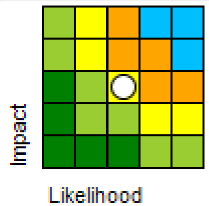
1) Approve the updates in this report.
2) Identify any further changes to the Corporate Risk Register arising from discussion at the meeting.

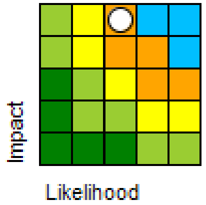
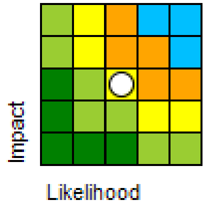
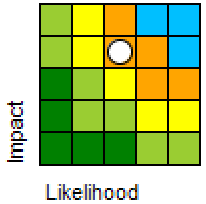
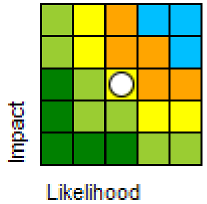
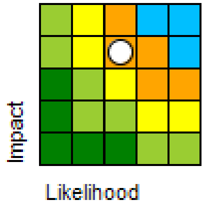
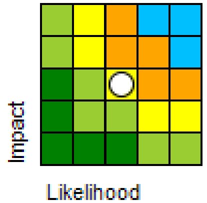
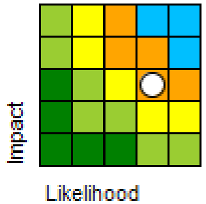
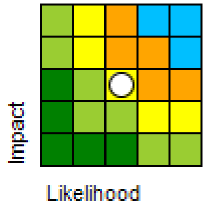
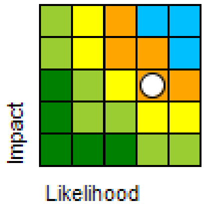
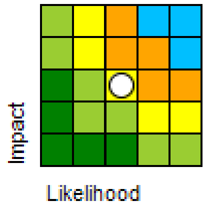
LIST OF APPENDICES:

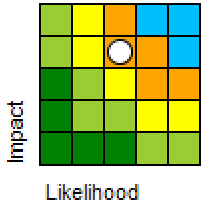
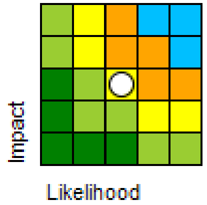
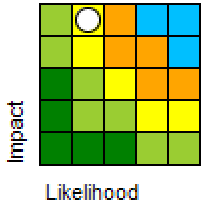
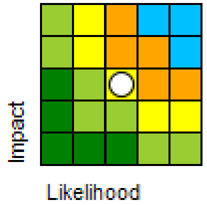
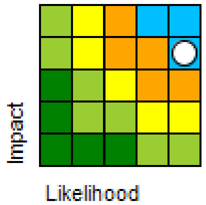
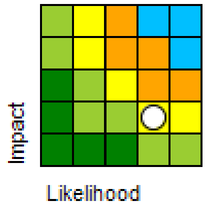
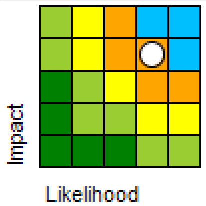
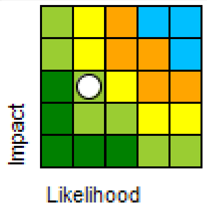
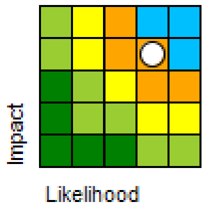
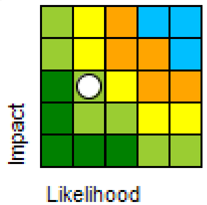
Appendix 1 – Summary status of Wheatley Homes East Corporate Risk Register
Appendix 2 – Wheatley Homes East Detailed Highlighted Risks

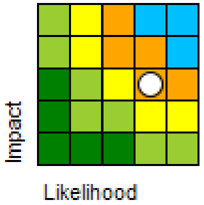
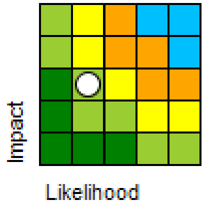
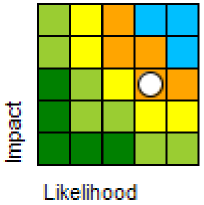
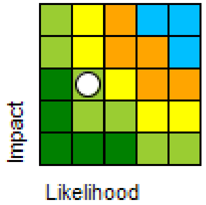
Appendix 1 – Summary status of Wheatley Homes East Risk Profile (full details available on Pentana)

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>HUNGRY</u> (Blue)		Group Director of Communities	Supporting economic resilience in our communities	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
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 (High inherent and residual risk scores; Boards have received an update within the last 6 months)
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 (High inherent and residual risk scores; Boards have received an update within the last 6 months)
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 (High residual risk score; Boards have received an update within the last 6 months)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 023	Climate change impact on Group assets and services		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	N/A (High residual risk score; Boards have received an update within the last 6 months)
RISK 004	New operating model implementation		Risk Appetite is **HUNGRY** (Blue)		Group CEO; Group Director of Finance	W.E. Work-strengthening the skills and agility of our staff	N/A (High inherent risk score; Boards have received an update within the last 6 months)
RISK 022	Financial impact of rent control legislation		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risk	Page 12 (Outwith Risk Appetite)
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. Work-strengthening the skills and agility of our staff	N/A
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	Page 13 (Outwith Risk Appetite)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
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 006	Customer Satisfaction		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
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

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 173	Customer Satisfaction of Shared Owners		Risk Appetite is <u>**OPEN**</u> (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 010	Group Credit Rating		Risk Appetite is <u>**MINIMAL**</u> (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	Page 14 (Outwith Risk Appetite)
RISK 016	Laws and Regulations		Risk Appetite is <u>**CAUTIOUS**</u> (Yellow)		Group Director of Governance & Business Solutions	Progressing from Excellent to Outstanding	N/A (High inherent risk score; Boards have received an update within the last 6 months)
RISK 012	Business Continuity / Disaster Recovery		Risk Appetite is <u>**HUNGRY**</u> (Blue)		Director of People Services	W.E Work – Strengthening the skills and agility of our staff	N/A
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	Page 15 (New Risk)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 007	Rent Arrears arising from Universal Credit		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Housing & Property Management	Maintaining a strong credit rating and managing financial risks	N/A
RISK 172	Group Development Programme		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Increasing the supply of new homes	N/A

Appendix 2 – Detailed risks highlighted for Board consideration

[redacted]

Strategic Outcome		Risk type		Risk owner	

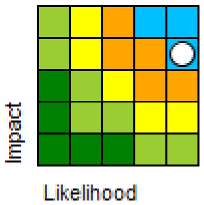
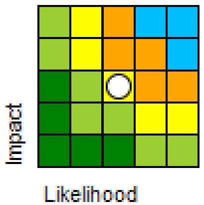
Description	*Controls*

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:

RISK 022 Financial impact of rent control legislation – *Outwith Risk Appetite*

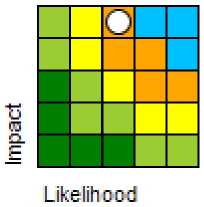
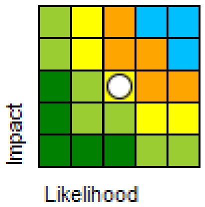
Strategic Outcome	Maintaining a strong credit rating and managing financial risk	Risk type	Financial or VFM	Risk owner	Group Director of Finance

Description	*Controls*
There is a risk that the Group is required to significantly curtail future planned expenditure as a result of rent controls imposed by the Scottish Government, resulting in reduced spend on the new build programme, reduced capital investment in existing properties, and reduced services to customers, all of which may reduce customer satisfaction.	The Group is involved in discussions with the Scottish Government, both directly and through the Scottish Federation of Housing, about its plans in relation to the extent and period of any rent controls applied after 1st April 2023. This includes the Group Chief Executive's membership of a Scottish Government-convened working group. The Group has developed a flexible approach to the rent consultation so that customers contribute to the process in a meaningful way, within the constraints of the current period of uncertainty. The Finance team has reviewed financial plans against a variety of assumptions and will continue to review business plans as additional information becomes available.

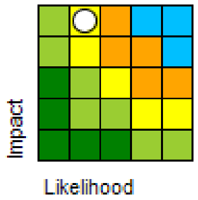
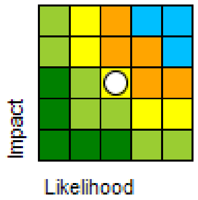
Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk Appetite is **MINIMAL** (Light Green) **Outwith Risk Appetite**	• Group Board workshop including discussion of cost-of-living crisis (August 2022) • Group Board paper on rent setting approach (October and December 2022)

RISK 003 Fire Safety - *Outwith Risk Appetite*

<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.

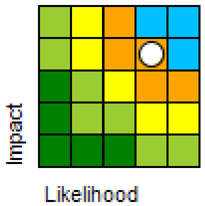
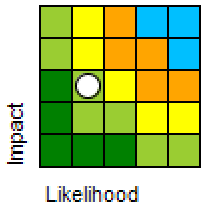
Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments are completed on a rolling cycle.
Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams 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)
Outwith Risk Appetite</td><td colspan="4">Standing item at Group Audit Committee meetings. (Ongoing)
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>

RISK 010 Group Credit Rating – *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)

Outwith Risk Appetite</td><td colspan="4">Business plan projections for all Boards set out how we will maintaining financial position (Feb 22)
The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates. (Quarterly through 2021 and 2022)</td></tr>
</table>

RISK 053 Damp and Mould – *New Risk*

<table>
<tr><td>Strategic Outcome</td><td>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>Description</td><td colspan="5">Controls</td></tr>
<tr><td>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.</td><td colspan="5">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 arranged by the RICO team within 48 hours. Additional staff, who will specialise in mould and damp, are being recruited to provide additional resource to the existing team.
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 recently rolled out.
Planned controls
The Group Health & Safety team has sourced products that can be made available to tenants to help manage condensation, such as dehumidifiers, air dryers for clothes and anti-mould sprays. These will be stored locally and fuel advisors will be able to issue these products to assist tenants.
All staff with reason to visit customer homes are being trained to recognise signs of damp and mould.
Daily PowerBI reporting on numbers of mould and damp work orders is in development.
The group is developing a pilot exercise to test environmental sensors in a small number of properties.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td colspan="2">Risk Appetite level:</td><td colspan="2">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td colspan="2">Risk appetite is <u>MINIMAL</u> (Light Green)</td><td colspan="2">Property Condition Assurance Approach reported to Subsidiary Boards in November 2022 and Group paper on approach to Damp and Mould at the December Group Board.</td></tr>
</table>