

**WHEATLEY HOMES EAST  
BOARD MEETING**

**Thursday 28 March 2024 at 5pm  
New Mart Road, Edinburgh**

**AGENDA**

1. Apologies for absence
2. Declarations of interest
3. a) Minute of 8 February 2024 and matters arising  
b) Action list
4. Chair and Managing Director update

**Main business and approvals**

5. 2024/25 budget
6. Home safety building compliance update
7. Neighbourhood management: Neighbourhood and ASB policies
8. EDI action plan/ EDI Update
9. [redacted]
10. Group engagement framework
11. Strategy workshop: structure and approach

**Other business**

12. Finance report
13. Group procurement annual strategy and policy updates
14. AOCB

The stock tour will take place before the meeting commencing at 2pm

Date of next meeting: 23 May 2024

## Report

**To:** Wheatley Homes East Board

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

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

**Subject:** 2024/25 Budget

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 The purpose of this paper is to seek approval for the 2024/25 budget.

### 2. Authorising and strategic context

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

### 3. Background

- 3.1 At the previous meeting in February 2024 the Board approved the revised five-year financial projections and agreed that the 2024/25 figures would form the basis of the 2024/25 annual budget, which is presented in Appendix 1. This paper provides additional detail and commentary.
- 3.2 The 2024/25 budget excludes non-cash year end adjustments such as those for the annual property valuation that are included in the financial projections as shown in the table below:

	£'000
<b>Surplus per Financial projections – (Per Business Plan Table 16)</b>	<b>4,270</b>
Add back:	
Loss on revaluation of Investment properties	17,980
Loss on revaluation of social housing properties	12,246
Loss on sale of property	141
<b>Adjusted surplus per Financial Projections</b>	<b>34,637</b>
Recognition of WDS gift aid, cost of living uplift and bad debts – per Table 4.1 below	3,584
<b>Surplus per Budget</b>	<b>38,221</b>

## 4. Discussion

- 4.1 The budget is summarised below and compared against the financial projections.

	Budget 2024/25		
	Financial Projections £'000	Budget £'000	Variance £'000
Turnover	80,556	84,117	3,561
Operating expenditure	36,584	36,561	23
<b>Operating surplus</b>	<b>43,972</b>	<b>47,556</b>	<b>3,584</b>
<i>Operating margin</i>	<i>55%</i>	<i>56%</i>	<i>1%</i>
Net interest payable	(9,335)	(9,335)	-
<b>Surplus</b>	<b>34,637</b>	<b>38,221</b>	<b>3,584</b>
<b>Net Capital Expenditure</b>	<b>59,029</b>	<b>62,634</b>	<b>3,605</b>

- 4.2 The 2024/25 budget reports an operating surplus of £47,556k, and a statutory surplus of £38,221k, both £3,584k higher than financial projections approved in February 2024.

- 4.3 The movement is due to:

- The recognition of gift aid paid to WH East from Wheatley Developments Scotland Ltd (WDS) with corresponding higher costs in new build spend. This is an intra-group item which has a nil effect on the consolidated results for both the RSL Borrower Group and the full Wheatley Group;
- Agreement of the cost of living uplift for staff at 4.5% slightly higher than the 4% assumed in the financial projections. The overall cost impact is managed within the parameters of the financial projections agreed upon in February; and
- A review of the provision for bad debts which has been undertaken in preparing the budget. This has provided some additional capacity while still retaining a prudent level of headroom which accommodates the migration of all remaining tenants onto Universal Credit in the year.

- 4.4 Over recent times our business has accommodated higher levels of inflation on our operations while keeping rent increases low to help tenants with the initial impact of the cost-of-living crisis, reducing our financial capacity for capital investment. The investment programme spend of £7.0m reflects rent and cost efficiency assumptions to allow us to build capacity back into the business for re-investment into capital and energy efficiency improvements in our existing properties. Tenants have told us this is important to them through the 2024 rent consultation feedback.

- 4.5 The budget also recognises the higher demand and cost pressures on repairs experienced in 2023/24 with £5.2m provision for reactive repairs included in the 2024/25 budget. Through our “in house” services in WH East, we remain focussed on improvements to the customer journey, utilising technology to align our services and modernise the delivery of the repairs service.

- 4.6 Our frontline housing, customer first centre and neighbourhood environmental teams and the Wheatley 360 wraparound service remain key elements of our service provision. Support for vulnerable customers is prioritised through our Wheatley Foundation, and our Livingwell offer for older customers. Our “Helping Hand Fund” will continue to offer support to customers and is particularly focused on help with paying rent.

## **5. Customer Engagement**

- 5.1 This report relates to our 2024/25 budget and therefore there is no direct customer implications arising from this report.

## **6. Environmental and sustainability implications**

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

## **7. Digital transformation alignment**

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

## **8. Financial and value for money implications**

- 8.1 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These are reflected in the annual budget and performance will be monitored against budget each month.
- 8.2 Financial covenants are assessed for the RSLs within the WFL1 borrowing group as a whole. In preparing the 2024/25 budgets across the RSL borrower group, the overall budgeted operating surplus and covenants for the WFL1 borrowers are maintained in line with the RSL financial projections and financial policy limits are met.

## **9. Legal, regulatory and charitable implications**

- 9.1 There are no direct legal, regulatory and charitable implications arising from the Finance Report.

## **10. Risk Appetite and assessment**

- 10.1 The Board’s agreed risk appetite for business planning and budgeting assumptions is “open”. This level of risk tolerance is defined as “prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level”.
- 10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

## **11. Equalities implications**

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

## **12. Key issues and conclusions**

12.1 This paper presents the proposed 2024/25 budget.

## **13. Recommendations**

13.1 The Board is requested to:

- 1) Approve the draft 2024/25 Budget

## **LIST OF APPENDICES**

Appendix 1: Wheatley Homes East Budget 2024/25



# 2024/25 Budget



# Operating Statement

## Key highlights:

The 2024/25 budget shows a net operating surplus of £47,556k and statutory surplus of £38,221k, both £3,584k favourable to the financial projections, due to the recognition of gift aid income received from Wheatley Development Scotland (WDS) not included in the financial projections.

- **Net rental and service charge income** of £41,444k is in line with the financial projections. The updated assumed void rate is 1.34% for all properties.
- **Grant income** of £34,745k in the budget reflects the planned completion of 199 new build properties for social rent and 161 MMR properties, which is in line with financial projections.
- **Other grant income** of £604k includes aids and adaptations grant income of £210k as well as £394k of supporting people grant at the Harbour.
- **Other income** of £7,324k is £3,561k higher than the financial projections, consisting of £3,584k of gift aid income received from WDS, with a corresponding increase in assumed new build costs in capital expenditure, partially offset by £21k of running costs recharged by WDS. The net surplus of WHEPS is also reported in this line, of which £23k of additional staffing costs relating to the in-house repairs workshop have been budgeted following an increase in the annual cost of living pay award (from assumed 4% to 4.5%).
- **Direct and Group services employee costs** are £37k higher than the financial projections, due to an increase in the annual cost of living pay award (from assumed 4% to 4.5%). Group services employee costs of £2,586k includes the costs for support functions provided by Wheatley Solutions
- **Direct running costs** are budgeted at £4,910k, which is in line with financial projections. The majority of the budget covers office and property running costs, including insurance and property rental costs. **Group services running costs** are also in line with financial projections.
- **Repairs and maintenance** costs budgeted of £7,138k includes provision to recognise the inflationary pressures and increased demand experienced in 2024/25.
- **Bad debt** costs of £375k are £60k lower than the financial projections, with the reduction reflecting current performance but still taking account of the final stages of migration of remaining tenants to Universal Credit.
- **Depreciation** costs which reflect a non-cash accounting adjustment are driven by the level of investment in our properties.
- **Capital Investment Income** of £32,744k includes £32,535k relating to new build grant income. The remainder relates to adaptation grant income.
- **Total capital expenditure** is budgeted at £95,378k for 2024/25. This includes new build, investment on existing properties and other fixed asset additions. This is £3,605k higher than the financial projections recognising a 5% management charge on the design and build services provided by WDS. These additional costs are reimbursed to WH East through gift aid recognised in Other Income.

	2024/25	2024/25	2024/25
	Financial Projection £ks	Budget £ks	Variance £ks
<b>INCOME</b>			
Rental Income	42,007	42,007	0
Void Losses	(563)	(563)	0
<b>Net Rental Income</b>	<b>41,444</b>	<b>41,444</b>	<b>0</b>
Grant Income	34,745	34,745	0
Other Grant Income	604	604	0
Other income	3,763	7,324	3,561
<b>TOTAL INCOME</b>	<b>80,556</b>	<b>84,117</b>	<b>3,561</b>
<b>EXPENDITURE</b>			
Employee Costs - Direct	4,596	4,621	(25)
ER/VR	-	-	0
Employee Costs - Group Services	2,574	2,586	(12)
Direct Running Costs	4,910	4,910	0
Running Costs - Group Services	1,700	1,700	0
Revenue Repairs and Maintenance	7,138	7,138	0
Bad Debts	435	375	60
Depreciation	15,231	15,231	0
<b>TOTAL EXPENDITURE</b>	<b>36,584</b>	<b>36,561</b>	<b>23</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>43,972</b>	<b>47,556</b>	<b>3,584</b>
<i>Operating Margin</i>	<i>55%</i>	<i>57%</i>	-
Net Interest Payable	(9,335)	(9,335)	-
<b>STATUTORY SURPLUS / (DEFICIT)</b>	<b>34,637</b>	<b>38,221</b>	<b>3,584</b>
<b>INVESTMENT</b>			
<b>Total Capital Investment Income</b>	<b>32,744</b>	<b>32,744</b>	<b>-</b>
Total Expenditure on Core Programme	6,966	6,966	0
New Build Expenditure	83,596	87,201	3,605
Other Capital Expenditure	1,211	1,211	0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>91,773</b>	<b>95,378</b>	<b>3,605</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>59,029</b>	<b>62,634</b>	<b>3,605</b>

# Underlying Surplus

## Comments

- The budgeted Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The table below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income, gift aid and depreciation, including capital expenditure on our existing properties.
- An underlying surplus of £8,157k is budgeted which is in line with the financial projections.

WH East Underlying Surplus		
	2024/25 Projections £k	2024/25 Budget £k
Net Operating Surplus	43,972	47,556
add back:		
Depreciation	15,231	15,231
less:		
Grant income	(34,745)	(34,745)
Net interest payable	(9,335)	(9,335)
Total expenditure on Core Programme	(6,966)	(6,966)
Gift Aid	0	(3,584)
Underlying surplus	8,157	8,157



# Rental & Other Income

Income (£'000)	2024/25 Budget
<u>Rental Income</u>	
Rent Receivable	42,007
Void Losses	(563)
<b>Net Rental Income</b>	<b>41,444</b>
Void Loss %	1.34%
<u>Grant Income</u>	
Housing Association Grant	34,745
<u>Other Grant Income</u>	
Supporting People	394
Medical Adaptation Grant	210
	604
<u>Other Income</u>	
Mid-Market Lease Income	2,987
Commercial Income	159
WHE Property Services - Net Result	77
Other Income	4,100
	7,324
<b>Total Income</b>	<b>84,117</b>

## Rental Income

- Budgeted figures include a rent increase of 7.5%.
- Void losses are budgeted at 1.34% of rental income.
- In 2024/25, assumed completion of 199 social rent properties along with 2 acquired units.

## Grant Income

- Budgeted grant income recognised on completion of new build units is £34,745k, arising from the completion of 199 SR and 161 MMR units.

## Other Grant Income

- Supporting people grant income of £394k is assumed at the Harbour from the local authority.
- Adaptation grant income in 2024/25 aligns with budgeted spend.

## Other Income

- Mid market rental income increased 3.0%.
- Commercial properties increased at 7.5% in line with the rent increase.
- WHE Property services budgeted surplus for 2024/25 is £77k.
- Other Income line includes Gift aid income of £3,584k payable by WDS and income of £279k from the lease of office space at New Mart Road and offices leased to Wheatley Care.

# Expenditure

Employee Costs (£'000)	2024/25 Budget
<i>Employee Costs - Direct</i>	
Housing and Admin	2,508
Environmental	1,301
Harbour	812
	<b>4,621</b>
Employee Costs - Group Services	2,586
	<b>7,207</b>

## Employees Costs

- 2024/25 assumes a 4.5% cost of living uplift for both direct and group employee costs.

Running Costs (£'000)	2024/25 Budget
<i>Direct Running Costs</i>	
Housing & Office Costs	4,118
Harbour	246
Initiatives	73
Wheatley 360	61
Environmental	413
	<b>4,910</b>
Running Costs - Group Services	1,700
	<b>6,611</b>

## Running Costs

- Running costs in 2024/25 include a 4.0% inflation increase.
- Direct running costs include NETS and W360 recharges. Helping Hand support will continue through existing Wheatley Foundation resources in 2024/25.
- Group running costs reflect WH East's share of group costs.

Repair & Maintenance Expenditure (£'000)	2024/25 Budget
Reactive Repairs	5,186
Cyclical Maintenance	1,952
	<b>7,138</b>

## Repairs and Maintenance

- Repairs include a 5% inflationary increase.
- The responsive repairs budget reflects the increase in demand during 2023/24.

# Capital Investment

Capital Investment	2024/25 Budget
<b>Investment Programme</b>	
<b>Grant Income</b>	
Medical Adaptation Grant	210
	<b>210</b>
<b>Investment Programme</b>	
<b>Spend</b>	
Core Programme	5,582
Capitalised Repairs	1,070
Capitalised Voids	1,173
Medical Adaptations	210
Capitalised Staff	1,191
	<b>6,966</b>
<b>Net Investment Programme Spend</b>	<b>6,756</b>
<b>New Build</b>	
New Build Development	87,201
Grant Income	32,534
<b>Net New Build Spend</b>	<b>54,667</b>
<b>Other Capital Investment</b>	<b>1,211</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>62,634</b>

## Capital Investment

### Existing Properties

- Grant income assumed in 2024/25 relates to medical adaptations.
- Core programme spend in 2024/25 ensures we have an appropriate level of funding available to maintain the quality of our homes and meet our legislative obligations.
- Capitalised voids are budgeted at £1,173k
- The budget includes provision for Customer Voice and Think Yes spend in 2024/25 of £100k.

### New build

- Net investment in new build properties has been budgeted at £54,667k. The programme is £3,605k higher the financial projections, attributed to the 5% WDS markup on design and build contracts.
- A total of 199 social housing units are budgeted to complete in the coming year along with 161 MMR units.

### Other Fixed Assets

- IT and office spend increase is driven by the Group capital programme.

## Report

**To:** Wheatley Homes East Board

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

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

**Subject:** Home Safety Building Compliance update

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 This report provides an update to the Board on our home safety building compliance work streams during 2023/24.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for monitoring our performance. This report provides the Board with an update on our compliance work programmes and our performance against the programme targets.
- 2.2 In line with our strategy we will maintain our commitment to “make the most of our homes and assets”. We will ensure through our Home Safe compliance programmes that we protect and maintain our existing assets.

### 3. Background

- 3.1 Our compliance work programmes include gas servicing, lift servicing, thermostatic mixer valves (TMVs), water management including legionella prevention and electrical works such as electrical inspections and smoke and heat detector renewals/replacement.
- 3.2 Landlords have a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.
- 3.3 Landlords also have other obligations under legislation or approved codes of practice (ACOPs) for a variety of building maintenance and inspection activities for example firefighting equipment (dry risers/sprinklers), lifting equipment, alarm systems etc.
- 3.4 Landlords also have a mandatory responsibility for electrical safety including carrying out Electrical Inspections, commonly referred to as EICR or FIT testing.

- 3.5 The arrangements for how we meet our obligations through our compliance programmes are illustrated in the table below.

Work Stream	Cycle	Status
Gas Servicing	Annual (10-month cycle)	Rolling annual programme
Smoke and Heat Detector re-life programme	Every 10 years but is dictated <i>annually</i> by build date / LD2 install date	Rolling annual programme
Electrical (EICR)	Maximum Every 5 years	Rolling annual programme
Lift Insurance Inspections	Six monthly	Rolling annual programme
Proactive Lift Maintenance	Service every 2 months	Ongoing programme
Mechanical and Electrical Works	Subject to asset requirements: examples are CCTV. Pumps, aerials, hoists, fire alarms, intruder alarms etc	Ongoing programme
TMV maintenance and Installation	Annual	Rolling annual programme

- 3.6 The key objectives for our home safety compliance works are:

- Ensure customer safety within their homes by undertaking both statutory and good practice compliance activities in line with lifecycles/recommendations;
- Increase access levels for our delivery teams;
- Package up home safety visits where practical and minimise the number of visits to decrease inconvenience to the customer while enhancing value for money and productivity;
- Increase the visibility of compliance works with frontline staff teams, and colleagues who can engage with customers while raising day to day repairs on their behalf;
- Promote the value of home safety works to our customers through regular marketing campaigns on our social media channels and RSL website; and
- Abide by guidance and requirements including those set by the Scottish Housing Regulator for mandatory work programmes such as Gas and Electrical.

#### One and done approach

- 3.7 Our approach to delivering compliance activities is embedded in our Repairs and Maintenance Policy and is to “*offer a one-stop shop service through compliance trades teams for compliance events required within a customer’s home.... The aim of this service is to minimise disruption to the customer and to provide assurance on the safety of our homes.*”

- 3.8 Wherever practical for similar related compliance activities within our stock we will endeavour to package works together taking cognisance of asset compliance cycles, property attributes and individual customer requirements.

Type of Package	Stock Targeted	Type of works
<b>Home Safety Bundle 1: Gas</b>	Gas properties	<ul style="list-style-type: none"> <li>▪ Annual gas servicing</li> <li>▪ Test/servicing of smoke/heat/carbon monoxide detectors</li> <li>▪ Complete all certification</li> </ul>
<b>Home Safety Bundle 2: Electrical installs and servicing</b>	All properties	<ul style="list-style-type: none"> <li>▪ Installation of smoke and heat detectors</li> <li>▪ Test/servicing of smoke/heat/carbon monoxide detectors</li> <li>▪ Carry out EICR inspections</li> </ul>

- 3.9 When one of our properties are vacant, we will also use the opportunity to carry out any required compliance activities. The purpose of the void compliance works is to ensure that every new tenant moves into a home which is safe and secure for them to live in, while also maximising the access opportunity to undertake as much cyclical or capital compliance works as possible while the property is vacant.

#### 4. Discussion

##### Gas Safety

- 4.1 To achieve gas safety compliance (i.e. no outstanding CP12s (CORGI Proforma 12)) requires an annual inspection of every property with gas. We have 5185 homes on the gas servicing contract.
- 4.2 This year again we have maintained our 100% performance position and have zero failed CP12s.
- 4.3 In addition to the formal appointment letters that are posted we also carry out proactive outbound calling through our dedicated Compliance team, to maximise access into our tenant's homes and allow them the flexibility to change appointments to suit them by speaking directly with our CFC call handlers. We also have a team of dedicated Housing Compliance Officers who manage individual cases where there are complex issues or housing management challenges.
- 4.4 Only as a last resort after we have exhausted all reasonable efforts to obtain access through communication and liaison do we move to a forced appointment, to guarantee we maintain 100% compliance and ensure the safety of our tenants and protection of our assets.

Total Gas Services Required	Total Complete	Percentage complete to date
5185	5185	100%

#### Smoke and Heat Detectors

- 4.5 All of our **6645** properties have compliant LD2 smoke and heat detectors which were installed either at the time the home was constructed (for newly built homes) or through our previous investment programme. They are upgraded as part of our rolling programme of re-life works (10-year cycle). All customers are offered a minimum of two appointments to enable the works to be completed at a time suitably convenient for them. As a last resort, we move to a forced appointment to ensure we maintain 100% compliance in this area.

#### Periodic Electrical Testing (EICR)

- 4.6 Periodic electrical inspections are required to be undertaken in all properties on a cycle of no more than 5 years. Landlords must make “reasonable efforts” to ensure that homes are accessed to carry out the inspection.
- 4.7 Periodic electrical inspections were carried out in customers’ homes (as required) when we were installing the new LD2 smoke and heat detector systems to minimise disruption to customers. Periodic Inspections will continue to be undertaken at this appointment as part of a compliance “one and done” approach wherever it is practically possible.

Qualifying Addresses	EICRs: Current numbers outwith 5 year cycle	Percentage complete to date
6645	6639	99.9%

Access arrangements are currently being made with assistance from our Housing Teams in order to achieve 100% compliance.

#### Lift Inspections and Maintenance

- 4.8 Proactive servicing of our lifts is carried out monthly via our approved Insurance company (HSB).
- 4.9 Lift performance, such as time to complete any minor defects or major repairs is routinely monitored and managed by our Compliance team.
- 4.10 All emergency callouts are being dealt with within set SLA timescales for example 1 hour for trapped passenger(s) and all other emergencies within 4 hours.

No. of passenger lifts	Total inspections complete	Percentage complete to date
48	48	100%

No.of Stair Lifts	Total Inspections complete	Percentage Complete to date
33	33	100%

#### Asbestos Reinspection

- 4.11 Asbestos inspections of communal areas in an annual programme are carried out to all of our common areas on an annual programme to ensure no risk/damage to existing asbestos is identified.
- 4.12 Annual inspections are carried out by an external contractor. Following inspections, the contractor submits the asbestos survey report for each block and they are uploaded to our asset management system PIMSS.

No. of Communal Areas	Total Inspections complete	Percentage Complete to date
94	94	100%

- 4.13 All asbestos information relating to our properties is located in our asset management system to which all relevant staff have access. Asbestos information is passed to contractors by relevant staff when they are required to work on our properties, and this is monitored by the Compliance Team. If asbestos is present in a property a permit-to-work process is followed which ensures asbestos removals are signed off by a senior member of staff and the correct safe working procedures are followed.

#### Water Management

- 4.14 Legionella testing is part of our overall water management strategy and is a year-round rolling programme of works.
- 4.15 Our regime varies on a site-by-site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include individual tasks such as visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.
- 4.16 We have completed 100% of inspections (49 out of 49) against the rolling programme.

#### TMV Servicing

- 4.17 Our TMV servicing programme is a best-practice approach, which involves a rolling annual programme and includes potentially vulnerable customer groups within qualifying households (e.g. those containing under 5s or over 75s and some Care sites). As this programme is predominantly based on age demographics the qualifying household list is reviewed and updated annually.



- 4.18 Due to the amount of specialised accommodation for other vulnerable client groups within Wheatley Homes East, a separate TMV check programme is also carried out across these locations via our contractor Equans.
- 4.19 There are 828 qualifying household within this programme and 288 inspections have been completed to date.
- 4.20 The programme is not mandatory and is reliant on individual customers providing us with access. Our efforts to encourage access include giving customers the flexibility to amend appointments, proactive contact and up to three access attempts. Where access is not achieved, letters are sent to customers informing them of our attempts and inviting them to contact us to make an appointment. Forced access is not undertaken in keeping with the non-mandatory nature of the programme.
- 4.21 To reduce the number of visits to customers' homes and to aid access we are now considering carrying out the TMV servicing at the same time as the gas service.

## **5. Customer Engagement**

- 5.1 Experience tells us the value of proactively engaging our customers, and emphasising the importance of our compliance work programmes through our annual "Stay Safe" Messaging and use of social media and our website.
- 5.2 Our Housing Teams also emphasise the importance of allowing access for compliance programmes during routine contact with our tenants and at the annual tenant visit.
- 5.3 We reinforce key messages where appropriate in all our communications to customers:
- The safety of our customers is important to us as a landlord; and
  - Compliance activities are essential work aimed at keeping you and your home safe.
- 5.4 We also supplement these key messages, where appropriate with details of the individual project or work being carried out, using a range of methods including telephone calls, online, web and social media.

## **6. Environmental and sustainability implications**

- 6.1 There are no direct environmental and sustainability implications associated with this report.
- 6.2 However our approach to carry out associated compliance works in one visit will as a result lead to fewer van travel visits by engineers and trade staff across our assets.

## **7. Digital transformation alignment**

- 7.1 We will look to align our compliance activities work programmes with our overall group digital transformation strategy. We will give customers more choices over appointment timeframes and offer a digital self-serve method for the customer to arrange compliance works in their homes once that channel shift is fully developed and available for home safety compliance activities.

## **8. Financial and value for money implications**

- 8.1 Funding for our compliance work streams is part of our agreed 5-year Capital Investment asset plan already approved by the Board.

## **9. Legal, regulatory and charitable implications**

- 9.1 Our compliance activities support us to meet our legal obligations as a landlord. At this time, we do not expect any additional compliance requirements to be introduced although, we will maintain a forward look including through our relationships with the Scottish Government and the SHR.

## **10. Risk Appetite and assessment**

- 10.1 Our risk appetite relating to building compliance work streams is minimal” i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
- 10.2 The compliance activities and the progress against them discussed in this report ensure that the risk is managed in line with our agreed risk appetite.

## **11. Equalities implications**

- 11.1 Specific work programmes have been developed and put in place to address potential vulnerabilities due to age i.e. the TMV Servicing programme.
- 11.2 When undertaking works we will carry these out in ways that minimise inconvenience to all of our customers such as by offering a range of appointments that suit their needs and offering a one-stop shop service through compliance trades teams for compliance events required within a customer’s home.

## **12. Key issues and conclusions**

- 12.1 We will continue to complete all essential compliance activities keeping our homes and customers safe. We will continue to develop our approach to maximising access for compliance works through our hybrid operating model.
- 12.2 Our “one and done” approach will continue to be offered where possible for similar related compliance activities subject to asset cycles, property attributes and customer requirements. Ensuring we remain agile and alert to any changing legislation or best practices is key to maintaining our commitment to providing a robust level of landlord assurance across the various compliance activities.

- 12.3 We will continue to robustly monitor and manage performance in the delivery of our works programme to ensure tasks are delivered on time and to the required standards.

**13. Recommendations**

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

LIST OF APPENDICES

Appendix 1: 'Stay Safe' Messaging and use of social media and RSL websites

## Appendix 1



### Stay Safe campaign

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

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

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

- get a free home safety visit – call 0800 0731 999
- make sure you have a smoke alarm and it works. If you don't, call us on 0800 952 9292 or speak to your housing officer
- don't leave rubbish or bulk items lying about communal areas – it's dangerous
- always put cigarettes out properly in an ashtray
- switch off electrical appliances at the wall when you leave your home or go to bed.

Find out more Stay Safe advice and tips below.



#### Home fire safety visit

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

#### Kitchen safety

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

#### Bathroom safety

Avoid scalds and burns by reading our bathroom safety tips.

#### Living room safety

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

#### Bedroom safety

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

#### Closes, foyers and stairwell safety

Keep closes, foyers and stairwells clear in the event of a fire.

#### Trips and falls

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

# Get a home fire safety visit.

*It's free and it could save your life. Call Scottish Fire and Rescue Service on **0800 0731 999.***

A stylized illustration of a fire engine, showing the front and side with the word 'FIRE' written on the side.

## Report

**To:** Wheatley Homes East Board

**By:** Jennifer Anderson, Wheatley 360 Lead

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

**Subject:** Neighbourhood Management: Neighbourhood and Antisocial Behaviour Policies

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 To seek approval of our Antisocial Behaviour (“ASB”) Policy and Neighbourhood Management Policy.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference we are responsible for approving policies that relate specifically to our business. This includes our ASB Policy and Neighbourhood Management Policy.
- 2.2 Within the Group strategy, we have made a commitment that ‘*Over 70% of our customers live in neighbourhoods categorised as peaceful*’. Implementation of our ASB Policy and Neighbourhood Management Policy will support us in achieving this target.

### 3. Background

- 3.1 As part of our strategic project to ‘**Redesign our approach to safer communities**’, we have undertaken work to review the end-to-end processes for dealing with ASB. The project included a review of how we manage noise complaints that do not constitute ASB and how we manage wider neighbourhood concerns.
- 3.2 A key focus of the project was to seek the views of customers, ensuring our policies and approach reflect their wishes and expectations, in addition to reflecting best practice across the sector.
- 3.3 As a result of the review and feedback from customer voices, the Group Scrutiny Panel and staff across the organisation, we have set out three distinct documents that capture our approach and procedures for managing these types of concerns:
- An overarching group wide ASB Framework that sets out our approach and principles for managing ASB as an internal staff facing document;
  - An RSL specific ASB Policy setting out how we respond to complaints about ASB, clearly detailing incident types and categorisation which constitutes ASB and the action we will take; and

- An RSL specific Neighbourhood Management Policy that sets out how we proactively manage neighbourhoods, what incidents would constitute a neighbourhood management concern and the action we will take.
- 3.4 The ASB Framework was approved by the Group Board in December 2023 in line with the Standing Orders, following which, individual ASB and Neighbourhood Management Policies were drafted for consideration and approval by this Board.
- 4. Discussion**
- 4.1 We know from listening to and engaging with our customers that our response to and management of ASB and wider neighbourhood issues remains a key priority. Having three distinct documents that set out our approach, the principles of how we work and the practical steps we will take when concerns are raised provides us with a strong structure for the management of our neighbourhoods.
- 4.2 The design of bespoke, separate policies for ASB and Neighbourhood Management ensures that there is clarity for our tenants on:
- What constitutes ASB and can be dealt with under the enforcement powers available to Wheatley Homes East as an RSL; and
  - What is a neighbourhood management concern.
- 4.3 There are clear benefits to having distinct ASB and Neighbourhood Management policies, which includes:
- Provides clarity for staff and customers on the correct route to deal with incidents reported;
  - Better manages expectations around the process, powers available and potential resolutions;
  - Improved customer satisfaction levels when cases are being dealt with within the most effective process; and
  - Improves staff confidence to have dedicated policy and processes for effective handling of management of neighbourhood concerns.
- 4.4 To support the process of determining which policy to use, we have developed a case triage methodology. This allows staff to use the information provided by the affected person(s), alongside some factors for consideration. This process will support the routing of cases and help better manage the expectations of the customer. The triage process is highlighted below:

Triaging methodology - factors for consideration	
1.	What is the nature of the issue or concern?
2.	When is the activity, action or behaviour taking place – (e.g., time of day)?
3.	How often is the activity, action or behaviour taking place – (e.g., the frequency of this – hourly, daily, weekly, monthly)?
4.	How long does the activity, action, or behaviour last – (e.g., the duration of this - 30 minutes, one hour, all morning/evening, all day)?
5.	What impact is the action, activity or behaviour having on the person affected by this?
6.	Are there any underlying reasons to explain the activity, action, or behaviour?
7.	Is the activity, action, or behaviour unreasonable?

- 4.5 The triaging process is a guide for both customers and staff, outlining factors that should be considered to ensure the concerns are responded to appropriately. However, every concern raised will be responded to in a person-centred way and considered on its own merits. Our staff will communicate clearly with customers which route their concern is being dealt with under - neighbourhood management concern or antisocial behaviour.

#### Antisocial Behaviour Policy

- 4.6 In line with customer and staff feedback, we have written the ASB Policy to detail what they expect to see within it. This includes an outline of what comprises ASB, how to report it, our time commitments to customers in handling the concerns and what support those impacted can expect to receive.
- 4.7 We have simplified the ASB categorisation from the categories outlined within the original ASB Framework. This has meant a reduction in categories from 15 distinct categories to 10. No categories have been removed, only subsumed within the remaining categories.
- 4.8 The updated categories are as follows:

Category	Definition incident type
<b>A</b>	<ul style="list-style-type: none"> <li>▪ A conviction or criminal charges of drug dealing (supply or intent to supply) or production of a controlled drug.</li> <li>▪ Criminal behaviour involving serious incidents of violence or threats of violence (including possession of weapons, serious assault, culpable and reckless conduct)</li> <li>▪ Hate Crimes</li> <li>▪ Wilful fire-raising</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>▪ Threatening / Abusive behaviour</li> <li>▪ Nuisance Noise (ASB)</li> <li>▪ Common Assault</li> <li>▪ Threats (verbal, written or via telecommunications)</li> <li>▪ Vandalism</li> <li>▪ Dog Fouling (communal areas)</li> </ul>

- 4.9 The timescales for investigating and resolving complaints of ASB have remained the same, however as per the request of customers and staff, have clearly been outlined within the policy for clarity. Our commitment is to respond to Category A complaints within 1 working day and Category B within 3 working days. Our commitment is to resolve all complaints across both categories, within 10 days of the report being received.
- 4.10 Details of the support available for those impacted by ASB have an area of focus within the policy as this is something customers told us was missing from the original ASB Framework. Alongside this we've covered how to report ASB and details of our five-stage investigation process to ensure detail is provided transparently.

#### Neighbourhood Management Policy

- 4.11 This is the first dedicated policy for supporting the identification of issues or concerns that impact good neighbourhood management. We routinely deal with these issues at present and support customers impacted, however, the development of the Neighbourhood Management Policy will allow us to provide clarity around the management of our neighbourhoods and support our ambition for our neighbourhoods to be thriving spaces for all.
- 4.12 While this is our first dedicated policy, proactive and reactive neighbourhood management practices are well established and a core role of housing teams. Housing officers are responsible for knowing their neighbourhoods, ensuring effective proactive estate management, and responding to concerns raised by customers in respect of their neighbourhoods. They draw down support from other teams such as environmental staff, repairs staff or ASB staff as required.
- 4.13 The policy clearly outlines what we define to be issues or concerns that compromise good neighbourhood management and to communicate this clearly with our customers and staff. We can ensure that concerns are processed under the correct process, thereby having a positive impact on potential outcomes for customers and satisfaction levels. Examples of neighbourhood management concerns are outlined in the policy and are as follows:

Neighbourhood management issue	Examples of activity
<b>Nuisance Noise (Non-antisocial behaviour)</b>	<ul style="list-style-type: none"> <li>▪ Children Playing (e.g., within the property, kicking a ball off a wall).</li> <li>▪ Babies/children crying.</li> <li>▪ Animals (e.g., birds chirping, dogs barking – within the property, in the garden or on the veranda).</li> <li>▪ DIY.</li> <li>▪ Domestic Noise (e.g., washing machines, hoovering, walking within the property, flushing toilet, showering, creaky floorboards).</li> <li>▪ Musical Instruments.</li> <li>▪ Lifts.</li> <li>▪ Door/window closing (including common close/stairwell door).</li> </ul>



<b>Environmental</b>	<ul style="list-style-type: none"> <li>▪ Fly Tipping (e.g., rubbish or bulk in a public area).</li> <li>▪ Garden Maintenance (e.g., overgrown trees/hedges, rubbish not being put in bins, cutting of grass).</li> <li>▪ Litter/Rubbish (e.g., being thrown from property or left in common close/stairwell area, in gardens, being dropped by people (including children), feeding the birds/keeping in veranda, use of other's bins.</li> <li>▪ Dog fouling (private place) – (e.g., where this takes place within an individual's garden that isn't a shared space).</li> <li>▪ Street Parking (e.g., parking on the street, parking in disabled bays).</li> <li>▪ Smells – (e.g., cooking).</li> </ul>
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- 4.14 We have outlined our customer commitments within the Neighbourhood Management Policy, which ensures our customers are clear about what level of service they should expect from us when they raise any issues about the management of their neighbourhood. We will respond to all neighbourhood management concerns within 3 days of the report being made and have committed to communicating any action within 10 days.
- 4.15 Through our safer communities recording platform, we will be able to raise cases involving concerns with the management of our neighbourhoods in one place. This includes ASB cases and those issues of neighbourhood management concern. This will provide the benefit of giving oversight around the full picture of our neighbourhoods and the types of issues impacting them. At present, we capture activity taken to resolve neighbourhood management concerns on individual customer records, which doesn't allow the benefit of capturing and monitoring trends.
- 4.16 We will report on wider neighbourhood management as part of our performance reporting within the Community Improvement Partnership, which will allow us to have full oversight of our neighbourhoods. The reporting will help identify any trends or thematic issues arising and support service design and delivery, as well as the allocation of resources. This information will be considered and taken into account when we engage customers in Neighbourhood Planning.
- 4.17 Extensive work is ongoing across the housing sector to develop improved policies and processes for the management of neighbourhood issues and concerns that do not constitute ASB. We will continue to monitor this and emerging best practices and revise our approach accordingly.
- 4.18 Following approval of the policies by this Board, we intend to hold dedicated sessions with all relevant staff to launch the revised policies.

## **5. Customer Engagement**

- 5.1 We have engaged and sought feedback from Customer Voices and the Scrutiny Panel on both policies. Significant feedback was gathered that has informed the final drafts of the documents.

## 5.2 Feedback focused on:

- Simplification of the documents, less information, ensure information is what customers need to know;
- Clear categorisation of what types of incidents belong in ASB and Neighbourhood Management; and
- Outline action that will be taken when concerns are raised, and time commitments detailed where possible.

## 5.3 Our Protecting People and Communities ‘Community of Excellence’, where staff across all service areas come together to share and implement best practices and innovate, have had extensive involvement in developing the content for both policies.

# 6. Environmental and sustainability implications

## 6.1 Development and implementation of the ASB Policy and Neighbourhood Management Policy helps us meet three of the seventeen UN Sustainable Development Goals, which include:

<b>Goal 3</b>	Good health and wellbeing	We know that ASB and experiencing concerns within neighbourhoods can have a negative impact on people’s well-being. A robust approach to responding to and managing reports of ASB and neighbourhood management concerns in our communities supports our tenant’s overall health and wellbeing.
<b>Goal 10</b>	Reduced inequalities	Our approach is trauma-informed and responsive and recognises that those living in the most socially deprived areas and within specific social groups are more likely to experience ASB. This can be either through engaging in it or being impacted by it. By having a person-centred approach to ASB and neighbourhood management, with greater understanding of the challenges faced through deprivation and reduced inequality, we can achieve greater equality for our tenants.
<b>Goal 16</b>	Peace, Justice, and strong institutions	By robustly tackling ASB we support the UN Goals of reducing violence across the globe and operating as a transparent, effective, and accountable institution. Our policy clearly outlines the enforcement action we’re able to take to resolve ASB and obtain effective resolution for those impacted.

# 7. Digital transformation alignment

## 7.1 As part of the ‘**Redesign our approach to safer communities**’ project we have improved functionality of our platform for recording all ASB case detail. As well as using the platform to record ASB cases, pending approval of the Neighbourhood Management Policy, from May 2024 we will start recording incidents reported under this policy. The changes to the system have been well received by staff across the business.

## 7.2 The policies will be available digitally for staff to access on WE Connect and available for our customers via our website.

- 7.3 Our digital communication channels of WE Connect and Talk Together will be utilised to raise awareness of the policies and their importance and to encourage staff engagement with them.
- 8. Financial and value for money implications**
- 8.1 There are no financial implications arising from this report.
- 9. Legal, regulatory, and charitable implications**
- 9.1 The ASB Policy and Neighbourhood Management Policy have been developed taking into consideration relevant legislation, such as the Anti-Social Behaviour etc (Scotland) Act 2004.
- 9.2 We report on ASB and neighbourhood management to the Scottish Housing Regulator through the Annual Return of the Charter (ARC). Details of the ARC indicators concerning the management of neighbourhoods have been included in the respective policies.
- 10. Risk Appetite and assessment**
- 10.1 The ASB Policy and Neighbourhood Management Policy supports our ambitions across all five of our strategic themes. Our risk appetite in relation to operational delivery for these themes ranges from open to hungry.
- 10.2 By developing an ASB Policy and Neighbourhood Management Policy for Wheatley Homes East we ensure that:
- These documents reflect our customer expectations; and
  - Customers and stakeholders are clear on our approaches, how they should report concerns or issues and the response they can expect.
- 11. Equalities implications**
- 11.1 Our approach towards the management of our neighbourhoods is supportive of our strategic vision that we want to create thriving neighbourhoods where all customers feel part of their community, that people look out for each other, and they feel safe and secure.
- 11.2 In Scotland there is recognition of the links between inequality, poverty, and adverse experiences in childhood with risk of offending, reoffending and/or being a victim of crime. It is through this recognition that our Prevention and Solutions model within the CIP, which is outlined within the ASB Policy, states that we will take a trauma informed and person-centred approach towards dealing with ASB and ensure that the appropriate levels of support feature as a key tool in dealing with the behaviour and conduct.
- 11.3 An Equality Impact Assessment has been completed for both the ASB Policy and Neighbourhood Management Policy. A copy of either full assessment is available on request.

## **12. Key issues and conclusions**

- 12.1 As part of our strategic project to redesign our approach to safer communities, we have undertaken work to review the end-to-end processes for dealing with ASB. This included a review of our overarching ASB Framework, how we manage ASB, noise complaints and neighbourhood management concerns.
- 12.2 As a result of the review, we have three distinct documents that capture our approach and procedures for managing these types of concerns:
- An overarching group-wide ASB Framework that sets out our approach and principles for managing ASB as an internal staff-facing document;
  - An RSL-specific ASB Policy setting out how we respond to complaints about ASB, clearly detailing incident types and categorisation which constitutes ASB and the action we will take, and;
  - An RSL-specific Neighbourhood Management Policy that sets out how we proactively manage neighbourhoods, what incidents would constitute a neighbourhood management concern and the action we will take.
- 12.3 The ASB Framework was approved by the Wheatley Group Board in December 2023 following our specific ASB and Neighbourhood Management Policies have been prepared.
- 12.4 The documents proposed set out clearly and concisely the specific incident types that will be considered under each policy, the approach we will take to understand what the potential solutions are and the action we will take when responding to the concerns. A clear triaging process will assist staff in determining what policy concerns should be managed.
- 12.4 For the first time, neighbourhood management issues will be captured in our safer communities recording system providing a much more detailed picture of the range of concerns being raised in our communities.
- 12.5 Subject to Board approval the policies will be launched with staff across the organisation between April and June.

## **13. Recommendations**

- 13.1 The Board is asked to:
- 1) Approve the Wheatley Homes East ASB Policy; and
  - 2) Approve the Wheatley Homes East Neighbourhood Management Policy.

### **LIST OF APPENDICES:**

Appendix 1 – [redacted] available [here](#)  
Appendix 2 – [redacted] available [here](#)

## Report

**To:** Wheatley Homes East Board

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

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

**Subject:** Group Equity, Diversity and Inclusion and Human Rights Action Plan

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 The purpose of this report is to provide an update on the next iteration of our Group Equity, Diversity and Inclusion (EDI) Action Plan, *One Group Many Voices* 2024/25.

### 2. Authorising and strategic context

- 2.1 Our strategy recognises that our customers and communities are diverse and therefore their priorities and needs will reflect this; as such we have a desire to increasingly tailor services to suit the needs of our customers and diversify our Customer Voices to ensure we 'hear from a diverse range of customers in a diverse range of ways'. The Board has also previously emphasised its strong commitment to ensuring that we embrace EDI and a human rights approach in our work, for the benefit of our tenants, customers, staff, and other stakeholders.
- 2.2 Under the Group Standing Orders and their Terms of Reference, Wheatley Solutions has been tasked with supporting us to drive a strong EDI culture and human rights approach by agreeing and monitoring the implementation of an Action Plan. Our Board receives an annual update on the work undertaken.

### 3. Background

- 3.1 We received a detailed update on our EDI approach in November 2023. This included an update on the implementation of our first Action Plan and how this has supported us to enhance our progress in relation to EDI and Human Rights. With the vast majority of the actions already delivered it has been refreshed, building on the progress we have made.

## 4. Discussion

4.1 The areas of focus for the refreshed plan are as follows:

1. **Different Together with you** – customer and community focus;
2. **Different Together in our Group** - staff and internal culture focus; and
3. **Evolving our data** – whole journey approach and embedding it into decision-making

4.2 These areas form the three Outcomes for our updated action plan. In considering the themes we have reflected on the shifting of our use of language towards equity. This shift in language is in keeping with the wider practice in EDI, though it does not fundamentally change our approach in terms of actions.

4.3 The updated Action Plan is attached at Appendix 1. The Action Plan was refined following extensive staff and Trade Union engagement. It has also been informed by best practice research and externally reviewed by an Inclusion Advisor at BITC who welcomed the detail and level of activity.

4.4 The reviewed Action Plan focuses on embedding and sustaining all the progress and structures built since the first action plan was approved in November 2022.

### Updating 'EDI' definitions

4.5 The terminology we use is important to appropriately convey our commitments and aspirations to our staff and customers. We recognise the importance of providing our customers, staff and stakeholders with fair opportunities to access our jobs, homes and services. As such, it is recommended that we update our 'EDI' definitions and change equality to equity.

4.6 This focus on 'equity' rather than 'equality' follows a changing language in diversity and inclusion and has been endorsed by BITC. While equality focuses on treating everyone the same, equity acknowledges that treating everyone the same can serve to reinforce barriers faced by some groups.

4.7 Instead, equity has a focus on allowing everyone to achieve a level of parity. In some cases, this may mean taking additional steps to support customers. For example, ensuring equity of opportunity to access social housing would not just mean giving everyone a copy of an allocations policy; it could mean taking additional steps to have this translated for someone unable to read English.

4.8 This aligns with our updated face-to-face training being delivered in partnership with Diversity Scotland. As such, when we now refer to 'EDI', for us this means:

- *Equity* – people with different characteristics are treated fairly and have access to the same opportunities to fulfil their potential;
- *Diversity* – respecting and valuing individual differences and unique characteristics, both in our organisation and our communities; and
- *Inclusion* – making sure our employees and customers feel comfortable being themselves and that they feel valued, respected, and heard.

## Outcome 1: Different Together with you

- 4.9 Our first Action Plan had a strong focus on developing staff knowledge and initiatives to enhance our EDI culture and awareness. This has been driven through our staff Community of Excellence (CoE).
- 4.10 'Different Together with you' extends this approach by introducing a CoE network group that focuses on customer and community actions. The network group will include representatives from frontline teams and will allow those teams to provide insight into opportunities we have to improve EDI, based on their insight and experiences from working with our customers.
- 4.11 'Different Together with you' aims to identify opportunities to improve access to housing by building on research from Shelter in relation to race and social housing. It also has a strong focus on ensuring that EDI considerations are at the forefront of our approach to communications.
- 4.12 A key priority over the next year will be how we understand and respond to customer vulnerability. Learning from the English Housing Ombudsman and our complaints has identified that a lack of vulnerability information can be a limiting factor in our ability to deliver personalised services.
- 4.13 Over the next year, we will develop a definition for vulnerability, agree on what data we will collect, how we will collect it (including security and data protection implications), and how we will use it. Reflecting this, vulnerability is a priority workstream within the Group Data Strategy.
- 4.14 An area of **very strong focus** on this outcome, which reflects the vulnerability theme, will be how we enhance our approach in relation to customers whose first language is not English, or who have specific communication needs relating to disabilities such as blindness or deafness.
- 4.15 In particular, we will look to improve and embed strong processes at the sign-up stage and after a translation is requested which triggers strong customer support. This will include things such as bespoke translated welcome packs for customers with very clear information on how to request a repair; make a complaint; report any issues such as ASB; or engage with a Housing Officer or CFC using a translator. We would also send this pack automatically to any existing customer who requests a translation.
- 4.16 We know we also need to consider how this information is accessible to staff, for example, for repairs staff going to the home of a customer who does not speak English, has low-level literacy, is deaf, or is blind. We are currently engaged with an external organisation who are undertaking a review of our translation provision, with a focus on repairs.

## Outcome 2 - Different Together in our Group

- 4.17 The actions within this section of the plan will help us to build on the foundations we have laid through our staff Different Together CoE, focus groups, and EDI initiatives, particularly in relation to building a strong awareness and positive EDI culture.

- 4.18 A priority is that we continue to ensure we are a supportive and inclusive employer. It is important that we continue to be able to attract a diverse group of talented staff who reflect our communities. This begins with the way we recruit being inclusive and in turn attractive to a diverse range of prospective applicants.
- 4.19 We already have some examples of how our EDI approach has helped us to attract new members of staff. For existing staff, an important part of this outcome will be the introduction of a staff survey question set that helps us to measure whether staff feel included and supported in relation to EDI.
- 4.20 Our established network groups, supported by Executive Directors, will each lead a high-profile engagement event aligned to development opportunities and/or training delivery, to reinforce our commitment to EDI and demonstrate that our agenda is set from the top.

### Outcome 3 - Evolving our data

- 4.21 This outcome focuses on data; which links in with our overall approach to making data-enabled decisions. We already have good examples of where we have used our EDI data to help inform decision-making, such as through the development of our approach to Hate Crime. In evolving our data, we will include an analysis of available Edindex equality data from quarter 1 2024/24 when analysing our applicant equality data; we currently analyse data through MyHousing for prospective customers applying for homes outwith Edinburgh.
- 4.22 We will scope ways to capture EDI data relating to complaints. This will provide insight into whether there are trends from particular customer groups and allow us to review our services or processes to address any issues.
- 4.23 We will also look to measure the impact our EDI and human rights approach has had on customers, for example, through a question as part of our next customer equality data survey. Given the volume of data, we will be particularly cognisant of data security.

### Next steps

- 4.24 Following Wheatley Solutions Board approval at their meeting on 12 February 2024, the Action Plan has been designed and updated under *Different Together* branding, published on our website (and our Group partner's websites). Progress will be monitored and reported at each Wheatley Solutions Board meeting, with regular updates also provided to our Executive Team and an annual update for this Board.

## **5. Customer Engagement**

- 5.1 'Enhancing our Stronger Voices approach through Different Together' is a section within the revised action plan, under Outcome 1. Customer engagement is a key part of embedding our EDI approach, for example, engaging with groups of people who have different characteristics to inform policy development and Equality Impact Assessments. Recently this has included the development of our Group Hate Crime Policy, our Group Engagement Framework review, and our Group Anti-social behaviour framework review.



- 5.2 The collection of equality data required extensive customer engagement as we were required to ask all waiting list applicants, new tenants, and existing tenants for protected characteristic data. Our next customer EDI survey is scheduled for 2025 and, as detailed in the updated Action Plan, we will co-create our approach towards this with customers taking into consideration vulnerabilities and additional support needs.

## **6. Environmental and sustainability implications**

- 6.1 There are no direct environmental or sustainability implications arising from this report. Diversifying our engagement structures will support our Sustainability Framework implementation by engaging customers with our sustainability priorities, ensuring different perspectives are involved.

## **7. Digital transformation alignment**

- 7.1 We have developed digital platforms to allow for easier analysis and utilising of our customer equality data. Evolving our data to help identify opportunities to increase access to our services is a focus within the updated Action Plan.

## **8. Financial and value-for-money implications**

- 8.1 There are no financial implications associated with this report.

## **9. Legal, regulatory, and charitable implications**

- 9.1 Our Group EDI and Human Rights policy, and the updated Action Plan to support us in delivering this, supports us to comply with our legal and regulatory obligations.

## **10. Risk Appetite and assessment**

- 10.1 Our agreed risk appetite for the legal and regulatory compliance of our 'W.E. Think' strategic outcome is "cautious" as although *'Wheatley staff are trusted advisors, it is essential that mitigations are in place to help keep customers safe'* In terms of EDI, our mitigation is to engage independent external advice as part of evolving our approach to demonstrate and evidence how we meet our equalities regulatory obligations.

## **11. Equalities implications**

- 11.1 The report sets out our approach to developing the next iteration of our Group EDI Action Plan, *One Group, Many Voices*. These actions will support us to assess equality implications in our decision-making.

## **12. Key issues and conclusions**

- 12.1 As the Board has previously affirmed, we are strongly committed to ensuring we deliver services EDI. This is demonstrated through our Action Plan and the oversight of our EDI being a formal responsibility of the Wheatley Solutions Board. We have a strong focus on continuous improvement and ensuring this is reflected in our organisational culture – this can be seen through our focus on equity and social mobility, and continued EDI data analysis.

### **13. Recommendations**

- 13.1 The Board is asked to note this update and the refreshed Action Plan at Appendix 1.

LIST OF APPENDICES:

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

## Report

**To:** Wheatley Homes East Board

**By:** Laura Henderson, Managing Director of Wheatley Homes East

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

**Subject:** Group Engagement Framework

**Date of meeting:** 28 March 2024

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### 1. Purpose

- 1.1 This report provides the Board with an overview of our first review of the *Stronger Voices, Stronger Communities* Customer Engagement Framework. This review was considered by the Group Board in February 2024 and an updated Customer Engagement Framework was approved. The updated Framework is attached at Appendix 1 for noting.

### 2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the Group Board has a strategic role in determining the overall direction and objectives of the Group. It is responsible for approving the Group policies and frameworks, including the Group's Customer Engagement Framework. Our Board is responsible for implementing the Framework within Wheatley Homes East.
- 2.2 Our Strategy, *Your Home, Your Community, Your Future*, committed to co-creation with our customers. It specifies that we will provide customers with increased control and choice, empowering them to self-direct their services.
- 2.3 Our Customer Engagement Framework focuses on the strategic themes of *delivering exceptional customer experience; making the most of our homes and assets; and changing lives and communities*.

### 3. Background

- 3.1 Our *Stronger Voices, Stronger Communities* Customer Engagement Framework ("the Framework") was approved by the Group Board in December 2020 and implemented across the Group during 2021, albeit with some limitations due to the Covid environment during that year.
- 3.2 The Framework aimed to widen the scope of customer engagement by creating a model of engagement that is accessible, flexible, and diverse. In essence, we set out to shift the balance of power and control towards the customer.

- 3.3 Our approach to customer engagement is supported by four key pillars:
- **We listen, You are heard** – customers can give their views through focus groups, panel meetings, surveys, and complaints, and we will respond and take action;
  - **We consult and co-create, You influence and design with us** – customers can influence service delivery and strategic direction through focus groups, surveys, panels, and conferences;
  - **We give power to, You decide** – customers are empowered to make decisions about their environment. For example, through the You Choose Challenge in communities; and
  - **We support, Your voice is stronger, and people listen** – we support individuals to develop their potential and widen the opportunities available to them.
- 3.4 Our Group Framework has been reviewed in accordance with our 3-year policy review cycle and the key findings of the review are discussed below.

## 4. Discussion

- 4.1 Our customers were at the heart of our extensive review. A key achievement of the Framework implementation is that for WHE we have recruited almost 300 customers to our Customer Voice programme – against a target of 250. We asked our Customer Voices for their feedback on the Customer Voice programme, and the engagement activities that they have experienced. We facilitated one in-person and one online focus group with 9 participants, in addition to an online survey, in which the response rate was 25%, to gather their views on our refreshed approach to customer engagement. We then carried out subsequent engagement with Customer Voices which focused on the barriers faced by customers with protected characteristics to inform our Equalities Impact Assessment (EIA).
- 4.2 Our review also included input from staff members from a wide cross-section of the business. The review was driven by our *Stronger Voices* Community of Excellence, and informed by staff members from our Housing team, Wheatley Care, Wheatley Foundation, Customer First Centre, Governance and Development.
- 4.3 Our review found that the Framework has been, and continues to be, extremely successful at delivering a flexible and diverse engagement model that is more accessible to our customers. It highlighted that our customers strongly value our approach to engagement. Since the approval of the Framework in 2020, we have achieved the following:
- Our 2023 tenant satisfaction survey carried out for WHE showed that 99% of our customers were satisfied with the opportunities given to participate in decision-making processes. This is a significant improvement from the results prior to the Framework introduction which was 86%;

- The high satisfaction with engagement has contributed to an overall satisfaction level of 96% for WHE in the same survey;
- Our Group approach to engagement received a CIH award for 'Excellence in Customer Service' in 2023;
- 70% of Customer Voices would recommend the programme to others;
- We held over 160 engagement events in WHE over the course of 2022/23;
- Over 250 WHE customers have been engaged in research, testing and co-design;
- We introduced *My Voice*, an instant feedback tool, across a variety of service areas;
- We collected Equality, Diversity and Inclusion data for Customer Voices, to ensure diversity of engagement. The analysis of this showed the diversity of Customer Voices was broadly comparable with our tenant base; and
- We continue to learn from customer feedback and complaints resulting in changes in service delivery. For example, the introduction of *Book it, Track it, Rate it* in our repairs service.

- 4.4 The Framework has provided the basis for a number of new developments where customers have been at the heart of shaping outcomes. We carried out a comprehensive review of our Group Housing Information, Advice and Letting Policy which is used for properties we let outside Edinburgh. We engaged with customers on our housing lists on the ways in which we could improve how we allocate homes. Customer feedback resulted in key changes being made to the Policy, including creating a new band for Livingwell properties.
- 4.5 We have also carried out significant customer engagement across Group with our customers who have families. We worked with an independent consultant, Neil Morland & Co, to understand the satisfaction of families with our services. We gathered feedback from approximately 1,800 customers across Group who responded to the survey, and a further 44 customers who participated in a focus group, or individual interview.
- 4.6 Customer feedback shaped the recommendations from the families' research, which included improving repairs and communication around repairs work, and improving satisfaction with antisocial behaviour processes. We have already addressed many of these recommendations. For example, we have introduced *Book it, Track it, Rate it*. The 'Track it' functionality has resulted in a positive improvement in communication, with customers receiving text message reminders and updates about repairs.
- 4.7 We continue to develop and refine our approach to antisocial behaviour (ASB). We have a 'preventions and solutions' approach to ASB, which is focused on achieving prompt and sustainable solutions for customers. We also continue to deploy our Community Improvement Partnership (CIP) in communities where there are significant levels of ASB.

- 4.8 We also carried out customer engagement to develop our Hate Crime Policy, in which we used our Equality, Diversity and Inclusion (EDI) data to host a female-only ethnic minority focus group. The outcome of these groups has helped us to simplify the Group Anti-Social Behaviour Framework and improve our communications approach.
- 4.9 Our approach to engaging customers on the rent setting consultation has been refined during the implementation of the Framework. We have developed a co-creation approach with our customers, with our Customer Voices working with us as part of focus groups to develop our messaging to all customers around rent setting, options for wider consultation, clear tenant priorities and explanation of how the rent pound is spent. The final part of the consultation is the invitation to all customers to express their views by making a choice on the rent level option and providing qualitative feedback if desired. This has reaffirmed tenant views (already expressed in the Customer Voice focus groups) that investment, repairs and NETs are critical service priorities, with an understanding that in the current economic climate a higher level of rent is required to maintain service levels and carry out desired levels of investment in homes.
- 4.10 Our approach to scrutiny has been enhanced and expanded over 2023. There are over 30 members of the Group Scrutiny Panel from all RSLs (7 from WHE) who attend quarterly performance meetings and spotlight meetings on key service areas. As the Board are aware, members of our Group Scrutiny Panel chose to carry out a thematic review of repairs communication to identify areas for improvement; the review was carried out from July to November 2023. As part of their review, members of the thematic group met with key staff members and had a tour of the Customer First Centre. They assessed key documents such as customer journey maps, complaint case studies, national performance, and CFC call transcripts.
- 4.11 Members of the thematic group developed a report on their review. This had 18 recommendations and customers have met with key staff to discuss this and to proactively co-create solutions. Representatives from the group attended this Board to discuss their experience of the review. The review will be promoted with customers and progress with the recommendations will be monitored by the group at their meeting in June 2024. The next thematic review by the Panel will be on the environment, as chosen by Panel members, and work has already started on this.
- 4.12 Our review has concluded that our approach to engagement, and the key pillars to customer engagement referenced above, have, and continue to be, extremely successful in driving up customer satisfaction and creating positive changes both within the organisation and in our communities. It is therefore proposed that we retain our approach to customer engagement, and our Customer Voice programme, which continues to flourish.

- 4.13 Our customers strongly value our approach to engagement, and feedback indicates that we should continue with our approach. They welcomed the accessibility of our approach which provides a range of methods, times, and locations for participation. Customer Voices suggested some operational improvements could be made to further enhance our already-high levels of satisfaction with the programme. These include:
- Ensuring feedback is consistently provided on the outcome of engagement events – this was already in development at the time of the review and a consistent framework for feedback has now been rolled out;
  - Providing customers with an agenda, or discussion points, in advance of a Customer Voice Panel or Focus Group – this has now been rolled out across our engagement events;
  - Providing customers with a regular newsletter or magazine, detailing information on services and engagement opportunities. Community newsletters were distributed in most areas towards the end of last year, with a specific newsletter for Customer Voice participants issued in November/December 2023. Further newsletters will be issued throughout 2024; and
  - Ensure people are aware of events in smaller, harder-to-reach areas, bringing engagement opportunities to these communities - and of other options to participate in larger events.
- 4.14 We carried out additional engagement which explored the impact of our engagement on protected characteristics. These Customer Voices were again supportive of our approach to customer engagement and recognised the actions we already take to remove barriers for customers taking part in the engagement. For example, we provide customers with a range of options to engage, including a mixture of online and in-person opportunities at various times and dates to accommodate different circumstances.
- 4.15 Customers involved in the focus groups made the following suggestions to improve the experiences of those with protected characteristics:
- Improve acoustics for in-person meetings for customers who are hard of hearing or are affected by deafness;
  - Include the options of one-to-one calls or visits for customers who want to engage with us, but who are prevented from doing so in a group setting;
  - Ensuring that we are mindful of the space or room we choose for engagement events (for example, we should be mindful that accessible toilets are nearby); and
  - As above, continue to provide a range of times and dates for customers to engage with us.

- 4.16 Based on the feedback and the success of the Framework to date, the review does not propose any substantive changes. However, some minor items have been updated to reflect the current context, particularly in relation to digital services. For example, we have included reference to our new real time feedback options such as *MyVoice* and *Book it, Track it, Rate it* which did not exist when the Framework was first established.

## 5. Customer Engagement

- 5.1 This report outlines our review of our Group Customer Engagement Framework. We carried out extensive customer engagement to inform the review of the Framework. Our customer engagement consisted of:

- **Online survey to all Customer Voices** in which 25% of all WHE Customer Voices responded;
- **Two Focus Groups** with 9 participants involving customers from all RSLs. These took place both in person and online; and
- Wider customer engagement through our **2023 tenant satisfaction survey** in each RSL.

- 5.2 We subsequently carried out customer engagement to inform our Equalities Impact Assessment for the Framework. This focused on identifying any barriers for our customers with protected characteristics that could prevent them from participating in in-person, or online, engagement events. This assessment involved a sample of customer voices across the Group. The figures haven't been broken down for each RSL due to the smaller numbers and sensitivity of discussion topics. This consisted of:

- **Online survey to sample of Customer Voices** with an 11% return rate;
- **Two customer focus groups** with 9 participants, which took place in person and online; and
- **Individual phone calls** with a small number of customers who requested a conversation about the EIA with members of staff in a private setting.

## 6. Environmental and sustainability implications

- 6.1 Customer engagement will seek to deliver sustainable outcomes for communities. You Choose Challenge is a key tool to empower customers to affect change in their local new-build community, and this is now aligned to our 'Greener Homes, Greener Lives' Sustainability Framework.

## 7. Digital transformation alignment

- 7.1 Customer engagement will inform key areas of digital transformation. The engagement may indicate other areas of digital change or transformation, and these will be incorporated into project proposals and reported as appropriate.



## **8. Financial and value for money implications**

- 8.1 There are no financial or value for money implications from this report. Implementation of the Framework is contained within existing budget resources. Our engagement with customers may result in proposals which require further resources, but these will be incorporated within the appropriate project proposals.

## **9. Legal, regulatory, and charitable implications**

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

## **10. Risk Appetite and assessment**

- 10.1 Our 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.
- 10.2 Customer engagement and control is at the heart of our strategic approach. This is likely to result in new and innovative approaches to service delivery which will fit with our open risk appetite level.

## **11. Equalities implications**

- 11.1 We continue to obtain equalities information during the process of registering, and re-registering, Customer Voices, where they are willing to share this. This will be used to try to ensure appropriate representation, particularly at a project and RSL level. Where specific gaps are identified we will work with customers and appropriate organisations to seek to address these.
- 11.2 An Equalities Impact Assessment (EIA) has been carried out on our Customer Engagement Framework. The actions arising have been captured and will be monitored. In relation to engagement events, it is particularly important that we fully consider EDI issues when arranging meetings, for example by providing a range of date options, accessible venues, online and in-person meetings, and translations where required.

## **12. Key issues and conclusions**

- 12.1 This paper sets out the findings from our review of the Group 'Stronger Voices, Stronger Communities' Customer Engagement Framework. It demonstrates that the Framework has considerably improved the organisation's approach to customer engagement and that this has positively impacted customer satisfaction. We have shifted the balance of power and control towards the customer through co-creating services and products with them and adapting our strategies in response to their feedback and involvement.

- 12.2 The review suggested that minor changes are required to modernise the Framework, and some practical changes could improve the already high customer satisfaction levels with the Customer Voice programme.

### **13. Recommendations**

- 13.1 The Board is asked to note the updated Customer Engagement Framework.

#### LIST OF APPENDICES:

Appendix 1: [redacted]. Available [here](#)

## Report

**To:** Wheatley Homes East Board

**Report by:** Laura Henderson, Managing Director

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

**Subject:** Strategy Workshop: structure and approach

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 This report provides the proposed outline for the May strategy workshop and seeks the Board's feedback and agreement to the planned approach.

### 2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the Group Board is responsible for the approval of the overarching Group strategy. Under our Terms of Reference, our Board is responsible for approving our five-year strategy, within the strategic context of the overarching Group strategy.
- 2.2 This Board annually undertakes a strategy review through consideration of our strategy and its wider contribution to the Group strategy.

### 3. Background

- 3.1 As part of our strategy renewal and refresh cycle the Board holds an annual strategy workshop in May. This year, this will be a strategy refresh. This follows the more detailed strategy renewal undertaken last year during the mid-year of our strategy period. The updated strategy was subsequently approved by the Board at its meeting in August 2023.
- 3.2 As part of last year's renewal, we updated our strategy to reflect the creation of the Customer First Centre and its role in providing exceptional services, our vision for neighbourhoods, a clearer focus on how we use data and technology to support asset management, and our focus on channel choice rather than channel shift in relation to digital.
- 3.3 Customer priorities such as repairs, the CFC and neighbourhoods were made more prominent within the strategy. Alongside this, we updated a range of our strategic measures to reflect progress to date and our updated five-year plans in relation to development and investment.

## 4. Discussion

### Our approach

- 4.1 As part of our annual review process, the Group Board will consider and approve the 2024/25 Group Delivery Plan at its meeting on the 24<sup>th</sup> of April 2024. This will comprise strategic projects, strategic measures and targets. These remain subject to any feedback from Boards across the Group.
- 4.2 In advance of the workshop the Board will have been issued papers with the 2023/24 year-end performance as well as the proposed relevant strategic projects and measures and targets for 2024/25. This allows the Board to have relevant performance information and proposals as context for the strategy workshop discussion. Our strategy workshop will precede our Board meeting and is scheduled for 23 May 2024, which in turn allows the review of the proposed 2024/25 measures within the context of the workshop discussions.
- 4.3 Our Board workshop discussion will shape our strategy refresh for 2024. In addition, our feedback will inform the Group Board strategy workshop in June and help shape the refresh of the overarching Group strategy.

### Proposed structure

- 4.4 We have refined our approach each year based on feedback from previous strategy workshops, what the Board has already considered in detail over the year and any relevant factors within our operating environment.
- 4.5 Taking these factors into account it is proposed the workshop be structured as follows:
- Recapping our current strategic context / external operating environment – *including customer insight, financial considerations and strategic risks*;
  - Reflecting on our key achievements during 2023/24;
  - Thematic discussion - asset strategy and its integration with our overarching strategic neighbourhood plans;
  - Thematic discussion - 2024/25 priority areas - e.g. neighbourhoods, vulnerability, repairs and data; and
  - Pathway to 2026 – reflection on overall progress with the strategy, the biggest advances expected by this time next year and any proposed changes.
- 4.6 Immediately following the strategy workshop, the board will also engage in a thematic discussion on risk.
- 4.7 A number of the discussions will be informed by reports for the May Board meeting, such as the 2024/25 Delivery Plan (2024/25 priorities) and five-year investment programme (asset strategy).
- 4.8 The focus on our asset strategy will broadly focus on: our key asset management principles; understanding our assets; asset strategy key drivers; financial considerations including the link to our future rent setting; and how we will develop our asset plan.

- 4.9 As we draw closer to the end of our strategy it is proposed that we consider our pathway to delivering our strategy by 2026. As part of this, we would also reflect on any areas of the strategy we want to amend.

## **5. Customer Engagement**

- 5.1 The strategy workshop content will draw on customer feedback and insight we have generated through customer engagement over the year. Customer engagement is a central element of our strategy overall and as part of any discussions how we would propose to engage customers will be considered.

## **6. Environmental and sustainability implications**

- 6.1 There are no specific environmental or sustainability implications associated with this report. The strategy refresh process will ensure our strategy considers recent developments in this area.

## **7. Digital transformation alignment**

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

## **8. Financial and value-for-money implications**

- 8.1 There are no direct financial implications associated with this report, which are covered via the approved 2024/25 business plan.

## **9. Legal, regulatory and charitable implications**

- 9.1 There are no specific legal or regulatory implications associated with this report.

## **10. Risk Appetite and assessment**

- 10.1 We do not have a single risk appetite with respect to strategy. Our risk appetite seeks to consider a range of factors which may impact the delivery of our strategy.
- 10.2 To reflect this our strategy workshop includes a specific thematic discussion on risk. This includes the risks which may have implications for or arise from the planned delivery of our strategy.

## **11. Equalities implications**

- 11.1 Equalities and tailoring our services to the diverse needs of customers and communities is a key theme threaded throughout our strategy.
- 11.2 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

## **12. Key issues and conclusions**

- 12.1 Our annual strategy review, which is this year a refresh, provides us with the opportunity to reflect on progress to date and consider key strategic issues in more depth.

- 12.2 The proposed structure reflects the stage of the strategy we are at, with several areas already delivered or well progressed and a narrowing number of areas which would benefit from more detailed discussion.

**13. Recommendations**

- 13.1 The Board is asked to consider and approve our proposed approach and workshop structure.

LIST OF APPENDICES:

None

## Report

**To:** Wheatley Homes East Board

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

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

**Subject:** Finance Report to 29 February 2024

**Date of Meeting:** 28 March 2024

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### 1. Purpose

- 1.1 The purpose of this paper is to:
- Provide an overview of the financial results for the period to 29 February 2024.

### 2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes East (“WH East”) and the Wheatley Group and the Terms of Reference for this Board, the WH East Board is responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.
- 2.2 Under the Group Standing Orders and the Terms of Reference contained therein, the Board is required to approve loan agreements, covenant returns and granting of security. Raising additional funding and ensuring our existing financing arrangements are fit for purpose ensure we have the financial resources to enable our ambitions to deliver new energy-efficient affordable homes.

### 3. Background - Financial performance to 29 February 2024

- 3.1 The results for the period to 29 February are summarised below.

£000	Year to Date (Period 11)		
	Actual	Budget	Variance
Turnover	52,507	51,268	1,239
Operating expenditure	(31,585)	(31,544)	(41)
<b>Operating surplus</b>	<b>20,922</b>	<b>19,724</b>	<b>1,198</b>
<i>Operating margin</i>	40%	38%	2%
Net interest payable	(7,479)	(7,614)	135
<b>Surplus</b>	<b>13,443</b>	<b>12,110</b>	<b>1,333</b>
<b>Net Capital Expenditure</b>	<b>28,085</b>	<b>41,095</b>	<b>13,010</b>

## **4. Discussion**

### **4.1 Period to 29 February 2024**

A statutory surplus of £13,443k for the period to 29 February 2024 is reported, which is £1,333k favourable to budget. The main driver of the variance is higher grant income recognised upon the completion of new build housing units.

Key points to note:

- 4.2 Within income, grant income recognised is £1,524k favourable to budget linked to the timing of handovers including the earlier completion of units at Raw Holdings offset partially by new build properties at Wisp 3C completing in 2022/23 and delays at MacMerry in 2023/24. Other grant income is £328k adverse to budget linked to reprofiling of SHNZ spend resulting in a corresponding reduction in grant income received.
- 4.3 Across expenditure, higher staffing, repairs & maintenance and direct running costs are partially offset by favourable bad debts. Staff costs include additional costs incurred at the Harbour and retirement accommodation due to vacancies and sickness, as well as newly created housing officer roles to strengthen our frontline service model. Responsive repairs spend is £467k higher than budget reflecting an increase in demand for repairs compared to last year and also material price increases. This has in part been offset by cyclical maintenance which is £406k favourable, following a reprofiling of the planned works.
- 4.4 Net capital expenditure is £28,085k for the period, being £13,010k lower than budget. The capital investment spend is £58k higher budget due to higher than budgeted spend on capitalised void and repairs. New build spend is £23,201k under budget, due to reduced spend relating to the timing of golden brick payments and delayed site starts. There is also compensating reduced grant income of £10,196k.

## **5. Customer Engagement**

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

## **6. Environmental and sustainability implications**

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

## **7. Digital transformation alignment**

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



## **8. Financial and value for money implications**

- 8.1 The statutory surplus for the period to 29 February is £1,333k favourable to budget. After adjusting the net operating surplus for new build grant income, depreciation and capital expenditure in our properties, the underlying results for the period to 29 February 2024 are £249k adverse to budget, due mainly to higher than budgeted capital repairs and void spend in investment expenditure. Financial performance is managed within the context of the RSL borrower group and we remain compliant within our covenants.

## **9. Legal, regulatory and charitable implications**

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

## **10. Risk Appetite and assessment**

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

## **11. Equalities implications**

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

## **12. Key issues and conclusions**

- 12.1 This paper presents the financial performance position for the period to 29 February 2024

## **13. Recommendations**

- 13.1 The Board is requested to:
- 1) Note the Finance Report for the period ended 29 February 2024 at Appendix 1.

### **LIST OF APPENDICES:**

Appendix 1: Period to 29 February 2024 Finance Report



# Period to 29 February 2024

## Finance Report



## 2) Operating Statement – Period to 29 February 2024

	Period to 29 February 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
<b>INCOME</b>				
Rental Income	35,132	34,986	146	38,215
Void Losses	(570)	(435)	(135)	(475)
<b>Net Rental Income</b>	<b>34,562</b>	<b>34,551</b>	<b>11</b>	<b>37,740</b>
Grant Income Recognised in the Year	14,024	12,500	1,524	15,847
Other Grant Income	857	1,185	(328)	1,348
Other Income	3,064	3,032	32	7,194
<b>TOTAL INCOME</b>	<b>52,507</b>	<b>51,268</b>	<b>1,239</b>	<b>62,129</b>
<b>EXPENDITURE</b>				
Employee Costs - Direct	4,300	4,118	(182)	4,491
Employee Costs - Group Services	2,648	2,729	81	2,978
ER/VR	0	0	0	540
Direct Running Costs	3,928	3,879	(49)	4,221
Running Costs - Group Services	1,429	1,453	24	1,585
Revenue Repairs and Maintenance	6,610	6,549	(61)	7,164
Bad Debts	223	369	146	404
Depreciation	12,447	12,447	0	13,631
<b>TOTAL EXPENDITURE</b>	<b>31,585</b>	<b>31,544</b>	<b>(41)</b>	<b>35,014</b>
<b>NET OPERATING SURPLUS</b>	<b>20,922</b>	<b>19,724</b>	<b>1,198</b>	<b>27,115</b>
<i>Net Operating Margin</i>	<i>40%</i>	<i>38%</i>	<i>1%</i>	<i>44%</i>
Interest receivable	34	11	23	13
Interest payable	(7,513)	(7,625)	112	(8,696)
<b>STATUTORY SURPLUS</b>	<b>13,443</b>	<b>12,110</b>	<b>1,333</b>	<b>18,432</b>
	Period to 29 February 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
<b>INVESTMENT</b>				
<b>Total Capital Investment Income</b>	<b>42,003</b>	<b>52,199</b>	<b>(10,196)</b>	<b>53,717</b>
Investment Programme Expenditure	6,715	6,657	(58)	7,079
New Build & Other Investment	62,480	85,681	23,201	94,278
Other Capital Expenditure	893	956	63	1,043
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>70,088</b>	<b>93,294</b>	<b>23,206</b>	<b>102,400</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>28,085</b>	<b>41,095</b>	<b>13,010</b>	<b>48,683</b>

### Key highlights year to date:

Net operating surplus of £20,922k is £1,198k favourable to budget. Statutory surplus for the period to 29 February is £13,443k, £1,333k favourable to budget.

Total income of £52,507k is £1,239k favourable to budget:

- Gross rent is £146k favourable to budget arising from early completions at Raw Holdings as well as higher than budgeted service charges. Void losses are £135k unfavourable to budget, representing 1.62% vs a budget of 1.25%. This is mainly due to reduced demand at sheltered sites and fire safety works/ turnover of rooms at the Harbour.
- Grant income recognised is £1,524k favourable to budget due to the earlier than budgeted completions at Raw Holdings, partially offset by delays in completions at MacMerry and early completions in 2022/23 at Wisp 3C. £14,024k of grant income recognised relates to 157 SR and 29 MMR.
- Other grant income of £857k consists of grants recognised for medical adaptations, Scottish Housing Net Zero (SHNZ) and for the Harbour. The variance relates to a reduction in SHNZ income (and compensating reduced costs) due to reprofiling of works to be carried out impacting the level of grant to be claimed.

Total expenditure is £41k unfavourable to budget:

- Total employee costs are £101k unfavourable to budget. Direct employee costs are £182k unfavourable to budget, due to overtime and agency staff costs at the Harbour and the Retirement complexes managed by Wheatley Care, as well as the creation of 4 housing officers to maintain patch sizes within agreed levels.
- Total running costs are £25k adverse to budget with group running costs favourable due to savings being realised in Wheatley Solutions.
- Revenue repairs and maintenance spend is £61k unfavourable to budget with responsive repairs spend £467k higher than budget reflecting continued increased demand (7.8% increase yr on yr) and material price increases offset by cyclical maintenance which is £406k favourable, due to the reprofiling and timing of the planned cyclical works. We continue to comply with our legislative obligations.

Interest payable of £7,513k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £112k favourable to budget due to the timing of drawdowns vs budget arising from the new build development spend being lower than budget, reduced by higher variable interest rates.

Net capital expenditure of £28,085k is £13,010k lower than budget.

- Capital investment income relates to the cash receipt of new build grants, SHNZ funding and medical adaptation grants and is £10,196k lower than budget due to delayed new build spend resulting in slower than anticipated grant claims, including Westcraigs Ph3, Wallyford 5/AB, Blindwells, Deans South Ph2, Sibbalds Brae and Winchburgh BB.
- Core programme spend is £58k unfavourable to budget, with higher than budgeted spend on capitalised repairs and voids offset by a reprofiling of core programme and SHNZ works.
- New build spend of £62,480k is £23,201k lower than budget due to reduced spend relating to timing of golden brick payments as well as delays on sites due to necessary infrastructure works and contractor delays. Sites with reduced spend include Deans South Ph2, Sibbalds Brae, Wallyford 5/AB, Blindswell.

### 3) Underlying surplus – Period to 29 February 2024

#### Key highlights:

- The Operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The table below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, including capital expenditure on our existing properties.
- In the period to February 2024, underlying surplus of £5,151k is £249k adverse to budget, mainly due to higher than budgeted capital repairs and void spend.

WH East Underlying Surplus - February 2024				
	YTD Actual £k	YTD Budget £k	YTD Variance £k	FY Budget £k
Net Operating Surplus	20,922	19,724	1,198	27,115
add back:				
Depreciation	12,447	12,447	-	13,631
less:				
Grant income	(14,024)	(12,500)	(1,524)	(15,847)
Net interest payable	(7,479)	(7,614)	135	(8,683)
Investment Programme Expenditure	(6,715)	(6,657)	(58)	(7,079)
Underlying surplus	5,151	5,400	(249)	9,137

## 4) Property Services Operating Statement – Period to 29 February 2024

### Key highlights:

	Period to 28 February 2024			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
<b>INCOME</b>				
Internal Subsidiaries	14,869	13,474	1,395	14,470
External Customers	469	220	248	240
<b>TOTAL INCOME</b>	<b>15,338</b>	<b>13,694</b>	<b>1,644</b>	<b>14,711</b>
<b>COST OF SALES</b>				
Staff	3,832	3,776	(57)	4,119
Materials	2,489	1,929	(560)	2,049
Subcontractor & Other Costs	5,720	5,439	(281)	5,835
<b>TOTAL COST OF SALES</b>	<b>12,041</b>	<b>11,143</b>	<b>(898)</b>	<b>12,003</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>3,297</b>	<b>2,551</b>	<b>746</b>	<b>2,707</b>
Margin %	21%	19%	45%	18%
Overheads	3,086	2,396	(691)	2,614
<b>NET PROFIT/(LOSS)</b>	<b>211</b>	<b>155</b>	<b>55</b>	<b>93</b>

•Wheatley Homes East Property Services provides in house repairs and maintenance services to WHEast and Lowther Homes. In the period to 29 February 2024, Property Services is reporting a surplus of £211k, which is £55k favourable to budget.

•Income of £15,338k is £1,644k favourable to budget, due to higher than budgeted income from Lowther, external customers and WHEast due to increased demand. Owner occupied works have also been carried out which are charged to WHEast and subsequently recharged to owners.

•Cost of sales are £898k higher than budget mainly due to higher demand for services arising from internal, external and owner occupied works.

•Gross profit of £3,297k is £746k favourable to budget.

•Overhead expenditure includes vehicle, rent and running costs, rates, insurance and other staff and office related costs. Spend is £691k higher than budget due mainly to higher salary, rent & rates, vehicle running costs & waste disposal relating to void clearances. Vehicle running costs are £110k higher than budget due to an increase in vehicle repairs however a clawback is being sought from Citroen.

# 5) Wheatley Homes East Harbour – Period to 29 February 2024



	Period to 28 February 2024			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	802	789	13	862
Void Losses	(74)	(18)	(56)	(19)
Net Rental Income	728	771	(43)	842
Local Authority Contract Income	373	362	11	394
Other Income	62	40	22	44
TOTAL INCOME	1,163	1,173	(10)	1,280
EXPENDITURE				
Employee Costs	790	751	(39)	819
Direct running Costs	283	324	41	353
Revenue Repairs and Maintenance	18	60	42	65
Bad Debts and Depreciation	0	0	0	0
TOTAL EXPENDITURE	1,091	1,135	44	1,236
NET OPERATING SURPLUS / (DEFICIT)	72	38	34	44

## Key highlights:

- The service is reporting a surplus of £72k which is £34k favourable to budget.
- Net rental income of £728k is £43k unfavourable to budget due to higher void levels than budgeted. This is due to fire mitigation works being carried out in the outbuilding as well as higher turnover of rooms than anticipated.
- Employee costs of £790k are £39k unfavourable to budget due to overtime and relief hours utilised to cover annual leave and 2 members of staff being on sick leave.
- Running costs of £283k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £41k favourable to budget due to managed savings.
- Repairs and maintenance expenditure of £18k is £42k favourable to budget.

## 6) Repairs and investment – Period to 29 February 2024

Repairs and maintenance	Year to 29 February 2024			
	Actual £ks	Budget £ks	Variance £ks	FY Budget
Responsive Repairs	5,053	4,586	(467)	5,021
Cyclical Maintenance	1,557	1,963	406	2,144
	6,610	6,549	(61)	7,165

Key highlights:

### Repairs and maintenance

- Responsive repairs spend is £467k unfavourable to budget, due to inflationary pressures on materials and demand for repairs continuing with completed jobs in the period to date 7.8% higher than 2022/23.
- Cyclical repairs spend is £406k favourable to budget due to the timing of spend.

WH East Investment Expenditure	Year to 29 February 2024			FY Budget
	Actual £k	Budget £k	Variance £k	
<b>Investment Income</b>				
Disabled Adaptions Grant	226	193	33	210
SHNZ	230	591	(361)	700
<b>Investment Income Total</b>	<b>456</b>	<b>784</b>	<b>(328)</b>	<b>910</b>
<b>Investment Expenditure</b>				
Core Programme (excl. SHNZ)	3,134	3,410	276	3,504
SHNZ	230	551	321	650
Capitalised Repairs	1,160	806	(354)	874
Disabled adaptations	226	183	(43)	197
Voids	1,127	772	(355)	834
Capitalised Staff	838	935	97	1,020
<b>Investment Expenditure Total</b>	<b>6,715</b>	<b>6,657</b>	<b>(58)</b>	<b>7,079</b>
<b>Net Total</b>	<b>6,259</b>	<b>5,873</b>	<b>(386)</b>	<b>6,169</b>

### Investment

- Investment expenditure is £58k unfavourable to budget. The variance reflects overspend on capitalised repairs and voids, which continue to be monitored, with mitigating plans in place to maintain spend in line with forecast.
- Medical adaptation spend and income are both ahead of ytd budget with income and spend being managed in line with forecast.

# 7) New Build Programme – Period to 29 February 2024

	Status	Contractor	Period To Date (£'000)			FY Budget
			Actual	Budget	Variance	
BLINDWELLS11	Due on site	Ogilvie Homes	4	3,483	3,479	3,616
DEANS SOUTH	On Site	Springfield	4,380	4,111	(269)	4,676
DEANS SOUTH PH2	Due on site	Springfield	2	5,172	5,170	5,705
MACMERRY	On site	Balfour Beatty	1,892	1,915	24	1,915
PENICUIK	Complete	Cala	1,161	560	(601)	560
ROSEWELL	On site	Barratt	3,604	2,700	(904)	3,063
ROSLIN	Complete	Taylor Wimpey	516	255	(261)	255
ROWANBANK	On site	Artisan	1,622	1,860	238	2,033
SIBBALDS BRAE	Due on site	Taylor Wimpey	12	3,867	3,854	4,055
WISP 3C	Complete	Springfield	102	140	38	203
<b>Total Social Rent</b>			<b>13,295</b>	<b>24,063</b>	<b>10,768</b>	<b>26,080</b>
RAW HOLDINGS	Complete	Persimmon	1,148	1,051	(97)	1,146
ROSLIN PH2	Complete	Taylor Wimpey	254	384	130	461
SOUTHFORT	On site	Barratt	632	198	(433)	428
ST CRISPINS	On site	Cala	563	37	(526)	62
WALLYFORD 5 A/B	On site	McTaggart	599	11,007	10,407	11,552
WALLYFORD PH 2	On site	Cruden Homes	2,395	2,593	198	2,593
WESTCRAIGS PH1 & 2	On site	Cruden Building	24,239	14,377	(9,862)	16,475
WESTCRAIGS PH3	On site	CCG	9,038	16,733	7,695	18,161
WINCHBURGH BB	On site	McTaggart	8,409	10,743	2,335	11,459
<b>Total Mixed Tenure</b>			<b>47,276</b>	<b>57,123</b>	<b>9,847</b>	<b>62,337</b>
Prior Year			519	380	(139)	380
Feasibility Sites			7	2,702	2,695	3,939
Capitalised staff costs			1,383	1,413	30	1,542
<b>Total New Build Investment</b>			<b>62,480</b>	<b>85,681</b>	<b>23,201</b>	<b>94,278</b>

Grant Income	41,548	51,416	(9,868)	52,807
Net New Build Costs	20,932	34,266	13,334	41,471

Grant Income Completions (Recognised in OPS)	14,024	12,500	1,524	15,847
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Investment spend at 29 February was £62.48m against budget of £85.68m, £23.20m lower than budget.

## Completed

- *Wisp 3C (SR/35)* May 2023, *Roslin Phase 2 (MMR/14 and SR/24)* June 2023, *Roslin (SR/38)* July 2023, *Penicuik (SR/57)* - (Overspend in year due to underspend in 2022/23) August 2023, *Raw Holdings (SR/38)* October 2023 and *Wallyford Ph 2* (February 2024).

## Due on Site/ On Site

- *Blindwells (SR/23)*: Spend behind budget as Golden Brick delayed due to legal issue on planning condition. Discussions underway with contractor to overcome this with a turnkey approach.
- *Deans South (SR/65)*: Spend higher than budget as site acquisition took place this financial year, budgeted last year, combined with good progress on site.
- *Deans South Ph2 (SR/44)*: Board approval reached February 2024. Liaising with the council on availability of grant funding. Site start expected 2024/25, later than budgeted.
- *MacMerry (SR/36)*: Build is progressing well. Handover of 25 units completed to date. Final 11 handovers expected end March.
- *Rosewell (SR/25)*: On site following Board approval in August 2023. Spend higher than budget due to Golden Brick payments paid in Q3 combined with excellent progress to date.
- *Rowanbank (SR/33)*: Work on site progressing well, on track to meet revised completion of June 2024.
- *Sibbalds Brae (SR/29)*: Missives agreed and signed in November 2023. Spend behind budget as further site remediation work has been identified. Workings towards achieving Golden Brick in June 2024, later than budgeted.
- *Southfort (MMR/14 and SR/11)*: Work on site progressing well and ahead of schedule.
- *St Crispins (MMR/4 and SR/8)*: Board approval received in June 2023 and work on site progressing well.
- *Wallyford 5/AB (MMR/61 and SR/29)*: Spend behind budget due to change in contractor. Main site works have commenced following legal contract signed in February 2024.
- *West Craigs Phase 1 & 2 (MMR/168 and SR/132)*: Budgeted spend at start of year was initially low, based on concerns on ability to progress site due to potential issue with infrastructure works. However, this has now been resolved and site is progressing well, slightly ahead of programme. First phase handovers scheduled Q1 2024/25.
- *West Craigs Phase 3 (MMR/55 and SR/70)*: Delayed start, now resolved. Under construction with good progress.
- *Winchburgh BB (MMR/29 and SR/52)*: Under construction with good progress to date, following a delayed start.



# 8) Balance sheet

	29 February 2024 £'000	31 March 2023 £'000
<b>Fixed Assets</b>		
Social Housing Properties	500,358	443,504
Other Fixed Assets	11,285	10,392
Investment Properties	37,145	37,145
	<u>548,788</u>	<u>491,041</u>
<b>Current Assets</b>		
Stock	880	759
Trade debtors	546	470
Other debtors	7,182	5,689
Rent & Service charge arrears	1,473	1,598
less: Provision for rent arrears	(899)	(997)
Prepayments and accrued income	1,731	790
Intercompany debtors	408	416
Total Debtors	<u>10,441</u>	<u>7,966</u>
Cash & Cash Equivalents	1,485	2,566
	<u>12,806</u>	<u>11,291</u>
<b>Creditors: within 1 year</b>		
Trade Creditors	(3,959)	(622)
Accruals	(8,909)	(7,510)
Deferred Income	(70,611)	(42,667)
Prepayments of Rent and Service Charge	(1,728)	(1,512)
Other Creditors	(633)	(1,479)
Amounts due to Group Undertakings	(9,811)	(9,054)
	<u>(95,651)</u>	<u>(62,844)</u>
<b>Net Current Liability</b>	<u>(82,845)</u>	<u>(51,553)</u>
<b>Long Term Creditors</b>		
Loans	(35,174)	(34,675)
Amounts due to Group Undertakings	(181,859)	(169,347)
Pension Liability	(1,284)	(1,284)
	<u></u>	<u></u>
<b>Net Assets</b>	<u>247,625</u>	<u>234,182</u>
<b>Capital and Reserves</b>		
Share Capital	-	-
Revenue Reserve b/f	234,182	221,578
Surplus in the year	13,443	(7,598)
Revenue Reserve transferred from WLHP	0	20,202
	<u></u>	<u></u>
<b>Association's funds</b>	<u>247,625</u>	<u>234,182</u>

## Key highlights year to date:

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

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

- Debtors** - have increased by £2.4m. Prepayments and accrued income of £1.7m has increased by £0.9m mainly due to the timing of payments and receipt of income. Other debtors of £7.2m, increased by £1.5m from March 2023. This is due to timing of receipt of grant income in 2023/24, claimed from Scottish Government which has been accrued.

- Cash at Bank** – At 29 February 2024 cash at bank was £1.5m. The £1.1m decrease from March relates to timing of receipt of grant income.

- Short-Term Creditors** – Amounts due within one year of £95.7m includes £9.8m due to other Wheatley entities, £8.9m in accruals and £70.6m in deferred income. The increase in deferred income relates to grants received in advance of new build completions. The remaining balance includes rent received in advance from our tenants, trade and other creditors (including payroll creditors).

- Loans** of £217.0m relate to funding drawn down from WFL1 and external funding of £35.2m due to THFC and Allia (inclusive of rolled up interest charges).

## **Report**

**To:** **Wheatley Homes East**

**By:** **Laurie Carberry, Director of Procurement**

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

**Subject:** **Group Procurement Annual Strategy and Policy Updates**

**Date of Meeting:** **28 March 2024**

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### **1. Purpose**

- 1.1 This report presents the annual updates to the Group Procurement Strategy, Group Procurement Policy, Group Sustainable Procurement Policy and Group Community Benefits Statement.

### **2. Authorising and strategic context**

- 2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Wheatley Solutions Board has delegated authority to approve the Group procurement strategy and policy.
- 2.2 Under the Intra Group Agreement any policies designated as Group-wide, as is the case with the procurement policies, are required to be implemented by all partners across the Group.
- 2.3 Our procurement strategy and policy are a lever to support us in achieving strategic objectives within our strategy, such as sustainability, creating job and training opportunities more widely maximising value for money.

### **3. Background**

- 3.1 As a Registered Social Landlord we are deemed to be a Contracting Authority and must comply with legislative requirements for procurement and contracting arrangements. We draw on Wheatley Solutions to provide the strategic and policy frameworks to do this and to support us in implementing them.
- 3.2 Our approach is to wherever possible leverage the strength of the wider Group in our procurement to allow us to procure at scale and achieve the best price-quality mix. This is primarily in areas where our needs are not distinct from our group partners or where any such needs can be met within a wider group approach. This allows us to share, rather than fully fund on our own, the costs in areas such as technology platforms where our needs are fully met and part of the initial options assessment.

3.3 There are also projects that are distinct to us where we have used the expertise within our partner Wheatley Solutions to procure goods and services over the last year, such as:

- The appointment to Stark Group (Jewson's Partnerships) for the provision of a new WHE materials hub located in Bathgate. Dedicated resources will supply and distribute all required trade materials to all our trade teams, on a just in time basis directly to the van. This contract will provide work opportunities that we have advertised within our communities;
- A tender was awarded for WHE lift maintenance and servicing requirements, ADL Ltd have been appointed after providing the best quality and cost tender. All 82 lifts within WHE will be kept to the highest safety standards with all works being delivered by a local workforce to ensure response times to emergencies are kept low; and
- The delivery of 81 new homes at Winchburgh which was appointed to McTaggart Construction Ltd via our New Build Framework and appointments to CCG Ltd for 125 new homes at West Craigs.

#### 4. Discussion

4.1 The Procurement Strategy 2024 is a legislative reporting requirement for all large Scottish contracting authorities. As a minimum, the strategy must include the following elements:

- 12-month retrospective review of contracts awarded;
- 24-month forward plan of future contract opportunities;
- Community Benefit Delivery;
- Proposed Sustainability requirements; and
- Embedded compliance with legislation.

4.2 The procurement strategy is developed in a way that allows it to enable and support the delivery of our 2021-26 Strategy *Your Home, Your Community, Your Future*. In particular the procurement of new homes and creating community benefits for our tenants and communities.

4.3 The strategy, updated in track change from the previous version, is attached at Appendix 1. We have also updated the: Procurement Policy 2024 (Appendix 2), Sustainability Procurement Statement 2024 (Appendix 3), and Community Benefits Statement (Appendix 4) in compliance with statutory requirements.

4.4 The strategy is the roadmap towards achieving organisational objectives and meeting the Scottish Government's commitments to efficient and effective procurement.

4.5 It also reflects Fair Work practices, ensuring that our approach is in line with Scottish Government procurement legislation and best practice. Procurement is an element of the Scottish Government's Fair Work action plan to support its overarching objective of making workplaces fairer and more inclusive.

4.6 To support us in achieving standardised procurement practices and procedures, the Policy, Sustainability Statement & Community Benefit Statement are developed to deliver the overall Procurement Strategy. To ensure these documents remain relevant they require to be reviewed on an annual basis.

- 4.7 There has been limited change across the suite of procurement documents this year. This is in keeping with us having a clear longer-term view on procurement that we would expect to refine rather than renew each year. The UK Government is currently reviewing the UK Procurement Legislation, which is an impact of post-Brexit trade agreements. We would anticipate a large-scale review and reform over the coming year as the focus moves to a more consistent approach to procurement regulations across the different nations within the United Kingdom.

#### Procurement Strategy

- 4.8 The updated strategy incorporates changes to tender commercial thresholds. From 1 January 2024 for all Works the threshold is £5,372,609, this was previously £5,336,937; for Goods and Services the threshold is now £214,904, previously £213,477; and the 'Light Touch Regime' Services threshold unchanged remains at £663,540. For clarity, all threshold values are exclusive of VAT.
- 4.9 The strategy pipeline has also been updated to reflect contracts procured in the last 12 months and the upcoming procurements for the next 24 months. A role of the strategy is leveraging our scale and purchasing power to effect change in our supply chain. For the current strategy, we have enhanced the focus on Equality, Diversity and Inclusion ("EDI") and cyber security. Additionally, Environmental, Social, and Governance are more prominent features in our strategy and are identified as an increasingly important element of our decision-making. This is reinforced by the Sustainable Procurement Statement.

#### Procurement Policy

- 4.10 We have further strengthened the procurement approach to our Ethical, Social and Environmental responsibilities, ensuring that our tendering approach is further defined to ensure the best outcomes for our communities.
- 4.11 During 2024 we will undertake the necessary work to gain accreditation as a 'Real Living Wage' employer. This will ensure all contracted suppliers comply with the payment of the Living Wage (currently £12.00/per hour and reviewed annually) to their staff that undertake work on our behalf. This will become part of the Procurement Policy and be a mandatory requirement when contracting in the future. The first contract to benefit from this change will be our corporate cleaning contract with ISS Ltd which will see all their staff working at our premises offices paid the Real Living Wage from May 2024.

#### Group Sustainable Procurement Statement

- 4.12 The updated Sustainable Procurement Statement now provides further detail on the corporate carbon footprint. It now reflects the work already delivered and reported via Planet Mark. It also includes the outcomes from the Group Sustainability Framework action plan.
- 4.13 This year, an electric van trial will commence. This will comprise approximately 20 small vans, increasing throughout the year to include larger vans and pool cars. A fleet decarbonisation delivery group, which will focus on staff engagement and feedback, will be set up to run in conjunction with the trial. We are also exploring options for reducing emissions associated with the grey fleet.

- 4.14 Our wider long-term sustainability objectives include: becoming carbon neutral across our corporate estate; reducing fuel poverty; and reducing carbon emissions from our homes by at least 4000 tonnes per year. Procurement will take an active role in supporting these ambitions through sustainable sourcing of goods services and materials, as well as ensuring our supply chains also work towards these targets. Consideration of social, ethical, environmental, and economic impacts will be a feature in our procurement activity. Suppliers will be asked to record their CO2 emissions which will be measured, monitored, and recorded ensuring that reductions of emissions are captured.
- 4.15 Through collaboration with our partners across the Group we shall continue to seek to reduce, where possible, the use of single-use plastics, pesticides and chemicals that may cause harm to the environment, as part of all procurement activity. The commitment to zero waste going to landfill will also be a contracting consideration.

#### Community Benefits Statement

- 4.16 The formation of this statement reflects Scottish Government Guidance, legislation and the need for requirements to be proportionate. This is in line with Scottish Procurement Legislation and Regulations.
- 4.17 We seek to lever the delivery of new jobs, apprenticeships, training opportunities and supply chain development activities for the community. We monitor compliance of construction-related contracts and the obligation of the Contractor therein in relation to Community Benefits. We have created 282 jobs, training and apprenticeship opportunities in WHG from the community benefits captured within contracts.
- 4.18 We support our EDI aims by using customer equality data and Wheatley Foundation equality data to inform our Community Benefits approach through analysis of our employability programmes as reported to this Board. We have seen positive outcomes in the last year here.
- 4.19 For example, as part of the Community Benefit approach we met with legal services provider Shepherd and Wedderburn (S&W) to exchange good practice working in terms of EDI. This resulted in representatives from S&W's employee equality groups attending one of our Different Together Communities of Excellence to share their successes and barriers faced within their organisation with our staff.
- 4.20 Following this, the Foundation also supported S&W to identify a pupil from one of our community schools to take part in the PRIME work experience programme for S5/6 children. The pupil received excellent feedback from S&W. S & W then visited a school to speak to all the pupils that had applied for PRIME work experience through the Foundation but were placed on a waitlist (around 25 pupils). These pupils are still on the waitlist and will be invited to the next available PRIME work experience around April time.

### Contract Management System (CMS)

- 4.21 We have continued the implementation of our CMS to digitise our contracts and assist Contract Owners with their contract management responsibilities. A contract management mandatory online training course has also been rolled out for contract owners. All supplier changes (bank details, addresses) and additions are now undertaken via the CMS and are subject to the two-part authentication.
- 4.22 Wider business intelligence is being gained from our supply chain through sending Requests for Information (“RFIs”) regarding their compliance on matters such as Health and Safety, Equality, Diversity and Inclusion and adherence to policies such as No Purchase Order, No Pay. Further RFIs will be issued on Sustainability and Cyber Security in the coming months.

### Challenges for Procurement 2024 - Market Conditions

- 4.23 As we entered 2023/24 inflationary pressures continued to have a significant impact on us and our customers and the economic outlook in the UK remains under pressure. Inflation has proven to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the current CPI rate is 4.0%, it has been on a slow downward reduction from its peak of 11.1% in 2022. According to most recent market expectations, the unwinding of inflation to the long-term Bank of England target of 2% is now not likely to be achieved until the first half of 2025.
- 4.24 Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had a notable impact on our cost base. Fuel and utilities costs have stabilised to some extent. However, insurance and repairs and maintenance costs are still subject to notable price increases. An update on some key areas of ongoing focus within our supply chains is provided below.

### New Build - Developers

- 4.24 The recent administration of Stuart Milne and Merchant Homes has created market uncertainty due to the risk that others will follow due to the knock-on effect. Contractors are therefore cautious about whom they contract with, to minimise risk. Subcontractors who historically worked with the private sector are now keen to work with affordable housing clients, as they are seeking continuity and guaranteed payment.

### New Build - Material Price Increases

- 4.25 Contractors have now seen their supply chain increase their material supply quotes by up to 10%. Generally, materials availability appears to be consistent. However, there is a fulfilment risk associated with materials from the Far East and due to the uncertainty of the conflict developing in the Red Sea. Our contractors are utilising alternative supply chains where necessary.

### New Build - Labour/Trades

- 4.26 In relation to procuring labour and trades rates have remained steady over the last two quarters, and availability has stabilised. Site Managers and site staff are reported to be a stable market. Professional Services (technical consultants) appear to be in demand, particularly Quantity Surveyors, who can command their price.

## Fleet

4.27 The renewal of some elements of our existing fleet has encountered some challenges. The war in Ukraine and the disruption to shipping lanes have resulted in a delivery delay until April 2024 for all our new diesel vehicles that were purchased in 2022. We also continue to work to mitigate any impact on our decarbonisation commitment.

4.28 Supply chain issues for spares/parts are anticipated to improve during 2024 which, in turn, should ease some of the inflationary pressure on these items.

## **5. Customer Engagement**

5.1 Each procurement exercise will take into consideration customer engagement. Customer consultation will be carried out when applicable. Community Benefit delivery aspirations also involve customer engagement activities.

## **6. Environmental and sustainability implications**

6.1 Our aim is to be carbon neutral in our corporate activities by 2026. Scotland has set a target to phase out the sale of new fossil fuel vehicles by 2032. To ensure delivery of these requirements we have a dedicated fleet team to oversee the transition of fleet to carbon neutral where possible by 2026.

6.2 Sustainability outcomes will continuously be measured against our agreed targets. How we procure will play an important role in supporting these ambitions through sustainable sourcing of goods services, materials and different supply chains.

## **7. Digital transformation alignment**

7.1 The Contract Management System (CMS) allows for the integrated use of IT systems and acts as a central repository for all contracts replacing an Excel spreadsheet-based contracts register. This gives rise to time savings as well as making contract management and performance analysis more effective.

## **8. Financial and value for money implications**

8.1 We seek wherever possible to leverage our own and the wider Group's size and scale to ensure the delivery of greater value for money. Effective procurement is an element of delivering our business plan, sustainability targets and identified savings targets.

## **9. Legal, regulatory and charitable implications**

9.1 By publishing the Group Procurement Strategy, we are meeting our legal obligation and adhering to government requirements. All procurement within the takes into account and reflects legislative requirements.

## **10. Risk Appetite and Assessment**

10.1 Our agreed risk appetite relating to laws and regulations is "**Averse**". This level of risk tolerance is defined, as "Avoidance of risk and uncertainty is a key organisational objective".

- 10.2 The key procurement risk is non-compliance with current Scottish Procurement Legislation/Regulation relating to procurement and award of contracts. To mitigate any risks the following measures are embedded:
- Compliance with Group standing orders;
  - Annually reviewed Group procurement policy;
  - Visibility of our Contract Register;
  - Mandatory training for all staff authorised to procure;
  - Procurement plans for above-threshold procurements; and
  - Staff with specialist knowledge/training and legal advice as required.
- 10.3 The Procurement Policy 2024 and the updated Procurement Strategy 2024, Sustainable Procurement Policy 2024, and updated Community Benefits Statement 2024 help us mitigate the risks of non-compliance with regulation and legislation.
- 11. Equalities Implications**
- 11.1 Through our procurement approach, relationships with suppliers, and awareness of equality legislation, we promote equality across all areas of our procurement.
- 11.2 Updates made to our Procurement Policy and Community Benefits approach support our EDI aims and the implementation of our Group EDI and Human Rights policy.
- 11.3 Our procurement strategy outlines how we will work to ensure our procurement process is inclusive for example through Equal Treatment, Non-Discrimination, Transparency and Proportionality; Prevention of Modern Slavery; Fair and Ethical trading; the Living Wage; and Supporting SMEs and social enterprises.
- 12. Key issues and conclusions**
- 12.1 We must comply with legislative requirements for procurement and contracting arrangements due to the classification of Contracting Authority. Our strategy and policy set out how we will achieve this compliance.
- 12.2 Our focus is however wider than just compliance and we use the way we procure to support our wider strategic aims such as promoting sustainability, EDI and delivering community benefits to ensure our customers and communities benefit from our purchasing power.
- 13. Recommendations**
- 13.1 The Board is asked to note the following:
- 1) Group Procurement Strategy (2024 – 2026);
  - 2) Group Procurement Policy 2024;
  - 3) Group Sustainability Procurement Statement 2024; and
  - 4) Group Community Benefits Statement 2024.



## LIST OF APPENDICES:

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

Appendix 2 – [redacted] available [here](#)

Appendix 3 – [redacted] available [here](#)

Appendix 4 – [redacted] available [here](#)

Wheatley Homes East Limited

(the "**Association**")

(Incorporated in Scotland under the Industrial and Provident Societies Act 1965 and now as a registered society under the Co-operative and Community Benefit Societies Act 2014 (registered number 1823 RS))

minute of a meeting of the members of the board of the Association (the "**Board**") held  
on 2024  
at a.m./p.m. (the "**Meeting**")

Present:

1. **NOTICE AND QUORUM**

The Chair reported that the notice of the Meeting had been given in accordance with the rules of the Association (the "**Rules**"). A quorum being present, the Chair declared the Meeting open.

2. **DECLARATIONS OF INTERESTS**

Each Board member present declared the nature and extent of his/her interest in the proposed matters to be discussed/approved at the Meeting in accordance with the Rules, or confirmed that he/she was not in any way directly or indirectly interested in the proposed matters to be discussed/approved at the Meeting which they were required by the Rules or otherwise to disclose other than those matters which had already been disclosed.

3. **BUSINESS OF THE MEETING**

- 3.1 The Chair reminded the Board that Wheatley Funding No.1 Limited ("**WFL1**") had entered into a bond loan agreement originally dated 28 November 2014 and made between, amongst others, the Association (as group borrower), and Wheatley Group Capital PLC (as lender) (as amended from time to time) (the "**Bond Loan Agreement**"), and that the Association was a Borrower and Obligor for the purpose of the Bond Loan Agreement.
- 3.2 The Chair further reminded the Board that the Association entered into a note purchase agreement originally dated 10 May 2017 and made between, amongst others, WFL1 (as issuer), Wheatley Housing Group Limited (as parent), the Association and the other Obligors as guarantors and the Purchasers listed therein (as amended on 16 July 2019, 27 January 2020, 7 April 2020 and 31 March 2022) (the "**2017 Note Purchase Agreement**").
- 3.3 The Chair noted that West Lothian Housing Partnership Limited ("**WLHP**") and Dunedin Canmore Housing Association Limited (now known as Wheatley Homes East Limited) entered into a transfer agreement dated 5 September 2022 pursuant to which WLHP transferred its housing stock and related assets and undertakings as a going concern to the Association (the "**WLHP Transfer**").
- 3.4 The Chair further noted that pursuant to the WLHP Transfer, it is now intended the security granted by WLHP will be discharged and the Association will replace the

security in favour of the Security Trustee (as defined in the Security Trust Deed (as defined in the Bond Loan Agreement)) (the “**Transaction**”).

3.5 It was noted that the Transaction would involve, amongst other things, entry into and execution by the Association (and/or certain other members of the Wheatley Group) of the draft document listed in the Schedule to these Minutes (the “**Document**”), along with any other documents deemed necessary to implement the Transaction pursuant to paragraph 6 below.

3.6 It was noted that the Document had either been sent to each Board member or had been made available for inspection by each Board member in advance of the Meeting.

3.7 The Chair reported that the business of the Meeting was therefore to consider and, if thought appropriate, approve (i) the terms of the Transaction; (ii) the entry into and execution of the Document to which the Association is party on behalf of the Association in line with paragraph 6 below and (iii) the entry into of any other documents deemed necessary to implement the Transaction in line with paragraph 6 below.

#### 4. **TABLING OF THE DOCUMENT**

4.1 There was produced to the Meeting a draft copy of the Document.

4.2 It was noted that the Document was in draft form and subject to further amendment.

4.3 Each member of the Board confirmed that they had had an opportunity to review the contents of the Document.

#### 5. **CONSIDERATION OF THE DOCUMENTS**

5.1 The terms of the Document and the Transaction were then carefully considered and discussed.

5.2 During the discussion it was noted that:-

5.2.1 the Document has been negotiated and was currently being finalised on behalf of the Association;

5.2.2 the members of the Board had made full disclosure to the Association of any conflict of interest in any of the matters under consideration in accordance with paragraph 2 of this minute;

5.2.3 the members of the Board had considered the risks to the Association in entering into the Document and the Transaction and also the benefits to the Association;

5.2.4 the Transaction, the execution and delivery of the Document and the performance by the Association of the transactions contemplated therein would not result in any breach of any restriction imposed by the Rules; and

5.2.5 the Transaction, the execution and delivery of the Document and the performance by the Association of the transactions contemplated therein would in each case directly benefit the Association for the benefit of its members as a whole and was consistent with the Association’s purposes.

5.3 After due and careful consideration of the financial position of the Association, and the benefits likely to result for the Association (taking account of the risks) from the Transaction and entering into the Document, the members of the Board were of the

opinion that it was in the interests of the Association to approve the Transaction and entry into and execution of the Document (along with any other documents deemed necessary to implement the Transaction pursuant to paragraph 6 below) and that the Association should accordingly do so.

6. **APPROVAL**

6.1 The Document and the Transaction having been carefully considered it was thereupon **RESOLVED** by the members of the Board as follows:

- 6.1.1 that the Document and the Transaction be and are hereby approved;
- 6.1.2 that any of the Chair, any Board member, the Association secretary, the Group CEO, the Group Director of Finance and the Director of Treasury is hereby authorised to approve (i) once in agreed form, the entry into and execution of the Document (along with any other documents deemed necessary to implement the Transaction) on behalf of the Association; (ii) such amendments (including amendments in manuscript), variations or modifications to the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party or any notice, communication, certificate or other document (including without limitation any intra-group loan agreement and drawdown notice) required or desirable in connection with, or which is ancillary to, the Transaction or the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party as he/they may in their absolute discretion think fit, the execution of the Document (or any other documents deemed necessary to implement the Transaction) or any such notice, communication or other document to constitute conclusive evidence of the Chair's, any Board member's, the Association secretary's, the Group CEO's, the Group Director of Finance's or the Director of Treasury's approval pursuant to this paragraph 6.1.2;
- 6.1.3 that, subject to approval by any of the Chair, any Board member, the Association secretary, the Group CEO, the Group Director of Finance or the Director of Treasury, in accordance with paragraph 6.1.2, any of the Chair, any Board member, the Association secretary, the Group CEO, the Director of Treasury or the Group Director of Finance is hereby authorised to execute and deliver on behalf of the Association the final version of the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party and to do all acts and things necessary so as to carry into effect the purposes of the resolutions set out in these minutes and/or to give or execute any and all notices, communications, certificates or other document (including without limitation any intra-group loan agreement and drawdown notice) required or desirable in connection with, or which is ancillary to, the Transaction or the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party and to do all acts and things for and on behalf of the Association (whether under seal or otherwise) which he/they consider (in his/their absolute discretion) may be required, necessary or desirable in connection with and/or to give effect to the Transaction and the Document (or any other documents deemed necessary to implement the Transaction) herein contemplated;
- 6.1.4 in respect of the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party or any notice, communication, certificate or other document required in connection with, or which is ancillary to, the Transaction or the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party which requires to be executed as a deed, that, subject to approval by

any of the Chair, any Board member, the Association secretary, the Group CEO, the Group Director of Finance or the Director of Treasury in accordance with paragraph 6.1.2, any of the Chair, any Board member, the Association secretary, the Group CEO, the Director of Treasury or the Group Director of Finance in the presence of a witness, or any two of the Chair, any Board member, the Association secretary, the Group CEO, the Director of Treasury or the Group Director of Finance acting together, are hereby authorised to execute and deliver on behalf of the Association as a deed such Document (or any other documents deemed necessary to implement the Transaction) or other notice, communication, certificate or other document; and

- 6.1.5 any of the Chair, any Board member, the Association secretary, the Group CEO, the Group Director of Finance and the Director of Treasury is hereby authorised to procure satisfaction of the conditions precedent to the Transaction, including in any of the Document (or any other documents deemed necessary to implement the Transaction) to which the Association is a party.

**7. FILINGS**

It was noted that the Association secretary would make or procure the making of any necessary further filings with Companies House and/or any other body (as appropriate).

**8. CLOSE**

There being no further business, the Meeting closed at                      a.m./p.m.

.....  
**Association Secretary / Chair**

**THIS IS THE SCHEDULE REFERRED TO IN THE FOREGOING MINUTES OF A MEETING  
OF THE BOARD OF WHEATLEY HOMES EAST LIMITED**

**INDEX OF DOCUMENTS**

1. a standard security to be entered into between the Association and M&G Trustee Company Limited.

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Wheatley Homes East - additional item for consideration  
**Date:** 27 March 2024 18:21:05  
**Attachments:** [image001.jpg](#)  
[wheatleygroup\\_51d64be8-dbca-4498-94fc-9763e72aba5d.jpg](#)  
[REDACTED]  
[Board Minutes - Wheatley Homes East Limited \(PM 12.03.2024\)\(146781801.1\).docx](#)

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Good Afternoon,

On 5 September 2022 Wheatley Homes East (WH-East) entered into an agreement with West Lothian Housing Partnership (WLHP) through which it received all of WLHP's properties. Some of those properties were transferred to WH-East subject to an existing security granted by WLHP in favour of its lenders. This was agreed by the lenders and was the most efficient way of making the transfer and the properties remain subject to this security.

As part of the process to finalise the wind-up of WLHP, we are now seeking to formally replace the security granted by WLHP with one granted by WH-East. There is no adverse impact arising from this exercise; it simply updates the standard security from WLHP to WH-East to reflect the ownership of the properties.

To complete this exercise the Board is asked to approve the granting of the new security. I attach a form of Board minute, which our funders have also approved, and would be grateful if you would consider this in advance of tomorrow's meeting. The minute, along with the standard security, has been reviewed and recommended by our legal advisors, Pinsent Masons.

Kind regards

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



*Making homes and lives better*