

**WHEATLEY HOMES EAST  
BOARD MEETING**

**Thursday 21 August 2025 at 5:00pm  
New Mart Road, Edinburgh**

**AGENDA**

1. Apologies for absence
2. Declarations of interest
3. a) Minute of 22 May 2025 and matters arising  
b) Action list
4. Chair and Managing Director update

**Main Business Items**

5. 2026-2031 strategy update
6. Performance report, Q1 2025/26
7. Radio Teleswitch switch off update
8. a) 2024/25 Financial Statements b) Finance report
9. Assurance update/Annual Internal Audit Report and opinion
10. Stock condition assurance
11. Marine Drive update (verbal)

**Other Business**

12. Governance update
13. AOCB



## Wheatley Homes East

### Action List

| Agenda item  | Action  | Owner         | Due    | Status |
|--|---|---------------|--------|--------|
| 25 year-end performance updates and Annual Return on the Charter | The Local Authority is to be included on Table 14 (New Build Programme) | LH            | August | Open   |
| Care update  | Provide an update on the divestment of services in Fife.                | Emma Thomson  | TBC    | Open   |
| Financial Update   | Provide a breakdown of any underlying surplus.                          | Lyndsay Brown | August | Open   |



## Report

**To:** Wheatley Homes East Board

**By:** Laura Henderson, Managing Director

**Approved by:** Alan Glasgow, Group Director of Housing

**Subject:** 2026-31 Strategy Update

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1 To update the Board on the progress and next steps for developing our 2026-2031 strategy.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, we are responsible for approving our five-year strategy, within the strategic context of the overarching Group strategy. We agreed our Wheatley Homes East (“**WHE**”) (then Dunedin Canmore) five-year strategy in November 2020.

### 3. Background

- 3.1 At our May strategy workshop the key area of focus was the development of our 2026-2031 strategy. As part of this, the Board considered our external operating context, the challenges ahead and feedback from staff and customers to understand their priorities as we develop our strategy.
- 3.2 From the customer strategy sessions, the independent researcher identified six strategic priorities driven by customer insight as follows:
- **Safety and Security First** – the physical home and buildings, as well as the wider neighbourhood in particular tackling anti-social behaviour;
  - **Invest in Existing Homes** - Quality, comfort, and energy efficiency;
  - **Transform Communication and Customer Contact** – More proactivity, clarity and accountability in all communications;
  - **Continue to improve the Repairs Experience** – Focus on completion and quality, with the continuing benefits of real-time communication;
  - **Create Pride in Place and Enhance Local Environments** – Clean and safe communal areas matter to wellbeing; and
  - **Keep Rent Fair and Transparent** - Affordability remains a concern and customers want transparency in how we set and spend rents.



- 3.3 In discussing how we translate the above six customer priorities into our strategy, the Board considered four proposed overarching strategic themes:
- **Homes and neighbourhoods to be proud of;**
  - **Personalised services;**
  - **Better Lives; and**
  - **Delivering sustainable value.**
- 3.4 Overall, the Board supported the proposed key themes and agreed that the following should be strongly reflected in the strategy:
- Our commitment to delivering new supply, remaining open to new ways to achieve this;
  - Our commitment to work with partners to improve neighbourhoods;
  - The importance of enhancing our communication with tenants, including digital;
  - Our commitment to playing a major role in tackling homelessness;
  - Pursuing low-cost solutions to challenges in our communities and sectors; and
  - Embracing AI to support staff to do their jobs more effectively.
- 3.5 The Board's feedback and key priorities were also incorporated into the wider Group strategy workshop.

#### **4. Discussion**

- 4.1 We have, following the Board's feedback at the workshop and engagement with Boards across the wider Group, developed an updated proposed core structure for our strategy for Board feedback as follows:

##### Our Purpose, Vision and Values

###### *Purpose and strategy title*

- 4.2 The restatement of our core purpose was consistent for the Board, our staff and our customers and, as such, it is proposed that it is retained as: *Making homes and Lives Better*.
- 4.3 Based on feedback from our discussions with customers, staff and Boards, the prospect of our strategy name replicating the purpose '*Making homes and lives better*' has emerged as one that would provide absolute clarity.

###### *Vision*

- 4.4 The feedback from the Board, as well as our staff and other Boards across the Group, has been to keep the overarching Group vision clear, concise and relatable. Based on this, we have refined the draft Group vision and the revised proposal is as follows:



*"Our homes and neighbourhoods are places that we, and our customers, are proud of.*

*The services we deliver are shaped by what matters most to our customers, always feel personal and consistently exceed expectations."*

- 4.5 The key theme in the vision, and the central theme proposed for our strategy overall, is one of pride. We want our staff to be proud of the work we do and answering this in the affirmative as a guide of what the right thing to do is. We also want our customers to be able to be proud of the home and neighbourhood they live in.
- 4.6 We also need to ensure that the Group vision is relatable at individual partner level, recognising that this may mean there is a degree of variation to reflect their individual contexts. Any variation would, however, be expected to retain the key overarching theme of pride. Board feedback is sought on the proposed Group vision and its reflection of our context.

#### *Values*

- 4.7 We want our values to clearly set the tone for the behaviours we expect of all our people to exhibit, which is also linked to the central theme of pride. We have always been clear that a strength of the overall Group is that every part of it shares a common set of values. On this basis, it is intended that we will continue to have a single set of values that apply Group-wide, taking into account feedback from each Board across the Group.
- 4.8 Based on the discussion and feedback, the proposed values, with some indicative descriptors, are:

***Excellence*** - *We relentlessly, proactively pursue the highest standards.*

***Inclusion*** - *Every voice matters and is treated with respect.*

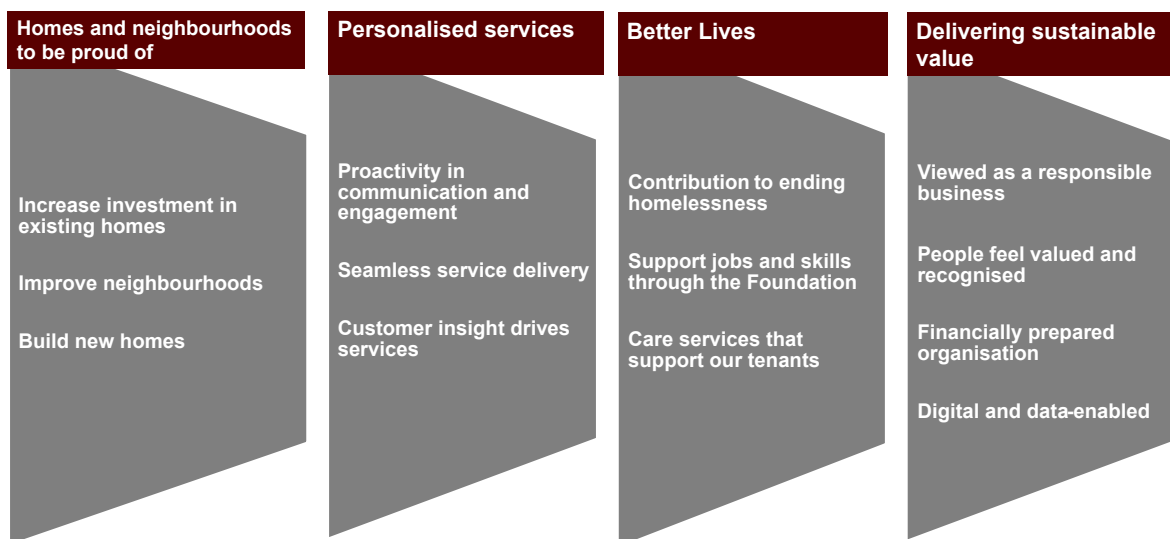
***Trust*** - *We take pride in always doing the right thing.*

***Ambition*** - *We are bold, innovative and challenge ourselves to go further.*

#### Strategy structure

- 4.9 Based on the feedback from the Board, we have refined the descriptors in the themes and sub-themes to be more active language as follows:





- 4.10 The proposed headline areas of key focus in each theme are set out in more detail in Appendix 1.

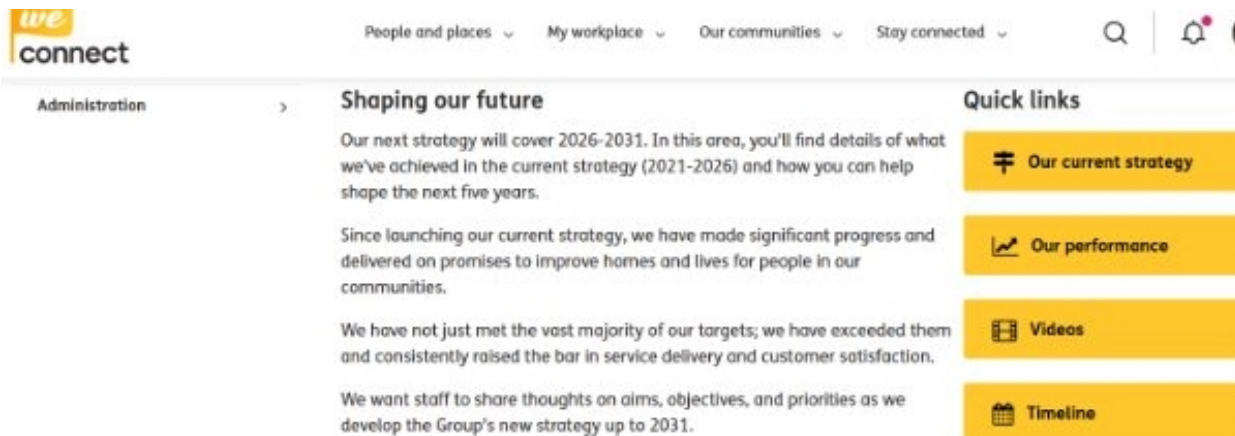
#### Next Steps - customer engagement

- 4.11 To inform this strategy, we set an ambitious target that we want to engage with or receive feedback from at least 2,500 customers from across the Group, including around 100 of our customers.
- 4.12 We have already engaged 42 of our customers through the focus groups in March and a further 23 through our Group Scrutiny Panel held in May and Customer Voice panels held in June.
- 4.13 For phase two engagement we therefore aim to involve a further 35 customers and exceed this wherever possible. This engagement must be meaningful to customers and focused on understanding our proposed practical response to the six customer priorities identified during phase one. The proposed responses are set out in more detail in Appendix 2. Phase two engagement will launch at the end of August for a period of six weeks, primarily promoted through digital channels with a link to a digital survey.
- 4.14 We will also send out a survey to those on our waiting lists via our MyHousing and Edindex platforms to ensure our future customers' views and needs are also shaping our plans. This will also be an opportunity to gain prospective customer insight to inform our homelessness policy, due for review next year to align with our future strategic ambitions.

#### Staff engagement

- 4.15 We have and continue to undertake vast engagement with our people to understand staff priorities and perspectives to inform our strategy. As well as the staff sessions that took place earlier this year, we have kept staff engaged throughout the strategy development journey with regular updates through our intranet 'Shaping Our Future' microsite – including video updates, blogs and an AI podcast providing a summary of phase one feedback.
- 4.16 We will continue to drop content on the microsite throughout the development period to keep staff engaged and informed, in addition to engagement which will be ongoing at local level.





- 4.17 We have also sought further feedback through team meetings and Communities of Excellence and have launched a staff survey soliciting thoughts on the proposed strategic themes and key areas of focus under each of these, as well as how we should measure success.

#### Stakeholder engagement

- 4.18 We regularly engage with wider stakeholders, for example, through our strategic partnerships, including with key Local Authorities, with national government and local government, such as through elected member briefings, and conversations with partners and suppliers, supported by our contract management system.
- 4.19 We will explore the potential for us to utilise these well-established mechanisms to gauge and evidence the needs and expectations of key stakeholders in terms of our future plans, ensuring our proposed vision and plan for 2031 resonates.

#### Draft strategy

- 4.20 We will develop the themes and sub-themes in more detail and into a draft 5-year strategy for the Board's consideration and review at its November meeting. As part of this, we will also develop proposals for how we intend to engage with staff in launching our strategy with a focus on making it real, relatable and tangible for them.

### **5. Customer engagement**

- 5.1 As detailed in this report, customer engagement is a core element of the development of our 2026-2031 Group family of strategies. The proposed approach is noted above.

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

- 6.1 There are no direct environmental or sustainability implications associated with this report. We understand that investment, particularly to ensure energy efficient homes, is a top priority for customers, and our 2026-31 strategy therefore must detail how we will achieve this.



## **7. Digital transformation alignment**

- 7.1 There are no direct digital transformation implications associated with this report. We understand that there are opportunities to reshape an organisation for the future by leveraging better use of data and digital technology. Increased digital and data maturity will therefore support us in making decisions and improving services through to 2031.

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

- 8.1 There are no direct financial or value for money implications associated with this report. We understand that keeping rents fair and transparent is a priority for customers, so our 2026-31 strategy will detail how we will maintain financial security and deliver value for money for customers.

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

- 9.1 The Scottish Housing Regulator (“**SHR**”) Regulatory Standards of Governance sets out a number of requirements which are relevant for the development of our strategy, including that:
- *“[the] governing body sets the RSL’s strategic direction”;*
  - *“The RSL gives tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans”;* and
  - *“The RSL actively seeks out the needs, priorities, views, concerns and aspirations of tenants”*
- 9.2 Our approach to strategy development supports us in being able to clearly demonstrate our compliance with these requirements.

## **10. Risk appetite and assessment**

- 10.1 As part of the strategy development process we will consider how the strategy both reflects our existing risks and our future risk appetite in relation to how it is delivered.

## **11. Equalities implications**

- 11.1 As part of our engagement, including with staff, customers and wider stakeholders, and the development of our strategy we will take into account the key principles in our Equity, Diversity and Inclusion (EDI) and Human Rights policy and associated action plan. In particular, are seeking to ensure our engagement represents a diverse range of customer voices and perspectives.
- 11.2 Our strategy is also being developed informed by key partners and stakeholders. In terms of EDI, this includes best practice guidance from Business in the Community to ensure our strategic plans align with EDI sector expectations.
- 11.3 Our strategy will be equality impact assessed to inform its implementation, and EDI will thread through our plans as an enabler of success, especially supporting our aims around personalised service and responsible business.

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



- 12.1 We have and continue to undertake extensive engagement with our people, customers and the Board to ensure our next strategy reflects the priorities and aspirations of these groups. Our proposals for next steps will help us solidify our position and ensure our 2026-2031 strategy has been developed aligned to international frameworks of excellence.

### **13. Recommendations**

- 13.1 The Board is asked to provide feedback on the proposed purpose, vision and values for our 5-year strategy.

#### **LIST OF APPENDICES:**

Appendix 1: Strategic theme key priorities

Appendix 2: Customer priority feedback



## Appendix 1

| Strategic theme                        | Key areas of focus   |
|--|--|
| Home and neighbourhoods to be proud of | <ul style="list-style-type: none"> <li>▪ <b>We will define a ‘Wheatley standard’</b> for properties and every property will be assessed against the standard over the life of the strategy</li> <li>▪ <b>We will develop bespoke strategies for property types or issues</b> e.g. mixed tenure common closes, secure entry systems, doors, and lift will supplement Strategic Investment Plans</li> <li>▪ In collaboration with local partners, <b>we will tackle key community issues</b> such as antisocial behaviour, waste management and underused greenspaces</li> <li>▪ Play a strong role in ensuring that our neighbourhoods are peaceful and places where our customers feel safe</li> <li>▪ We recognise that tackling the housing crisis needs new homes of all tenure and <b>we will deliver new social and mid-market homes</b></li> </ul> |
| Personalised Services                  | <ul style="list-style-type: none"> <li>▪ <b>We will refresh our approach to customer communication</b> which will feel personal, local and relevant, with information such as local investment plans and events</li> <li>▪ <b>Our staff will be empowered to and accountable for taking ownership</b> of ensuring service delivery is seamless for and meets the needs and expectations of customers</li> <li>▪ We will <b>refresh our operating model and core processes to minimise hand-offs</b> and ensure services which span different areas are seamless for customers</li> <li>▪ Staff will have more data at their fingertips that allows them to <b>understand each customer’s needs and deliver a personalised service</b></li> </ul>   |
| Better lives                           | <ul style="list-style-type: none"> <li>▪ Creating opportunities for our tenants and families by supporting new jobs and skills through the Foundation</li> <li>▪ <b>We will work with partners to identify ways to increase supply</b> by bringing empty homes back to a lettable standard whilst delivering value for money</li> <li>▪ <b>We will provide tailored support</b> to help customers at risk of homelessness to sustain their tenancies</li> </ul>  |
| Responsible business                   | <ul style="list-style-type: none"> <li>▪ <b>Purpose through procurement</b> - We will leverage our size and scale to deliver a positive impact for our communities and customers</li> <li>▪ We will <b>embed leadership principles consistently at every level of leadership</b> as part of a renewed, values and culture-driven Leadership Development Framework</li> <li>▪ <b>We will sustain our financial security</b>, innovatively funding our future aspirations whilst retaining our A+ credit rating and our Golden Rules</li> <li>▪ In the early years, the key priority will be <b>establishing the strong foundations of good quality data, technology platforms, automation and people skills</b> to support further digital adoption</li> </ul>  |



## Appendix 2

| Customer Priority   | What we propose to do in response  |
|---|--|
| <b>Safety and security first</b>                            | <ul style="list-style-type: none"> <li>▪ Increase investment and deliver physical improvements in areas such as common closes, entry systems, doors and lifts</li> <li>▪ Tackle anti-social behaviour, including working more closely with Police Scotland and key Local Authorities and escalating cases of anti-social behaviour quicker promoting and support good neighbourliness</li> <li>▪ Take wider action, such as reducing access to vacant land, to reduce issues such as fly tipping</li> </ul>  |
| <b>Invest in Existing Homes</b>                             | <ul style="list-style-type: none"> <li>▪ Ensure homes are well maintained, suitable for your needs, and free of damp and mould</li> <li>▪ Invest more in tenants' homes, prioritising kitchens, bathrooms, windows and energy efficiency</li> <li>▪ Communicate more clearly about when and where we will be delivering investment work and upgrades</li> </ul>  |
| <b>Transform Communication and Customer Contact</b>         | <ul style="list-style-type: none"> <li>▪ Be more proactive in keeping you up to date on progress with things that can't be resolved straight away such as follow-up repairs and anti-social behaviour</li> <li>▪ Improve coordination between our Customer First Centre and our repairs and housing neighbourhood teams</li> <li>▪ Actively listen and in responding, be open and transparent on what we can deliver</li> <li>▪ Provide consistent, quality service regardless of whether you contact us by phone, email or in person with staff being accountable for making sure you get an answer</li> </ul>  |
| <b>Continue to improve the Repairs Experience</b>           | <ul style="list-style-type: none"> <li>▪ Improve repairs diagnosis and parts availability so that we complete more repairs in a single visit</li> <li>▪ Always keep you up to date with what will happen next before we leave your home</li> <li>▪ Introduce new ways to monitor that repairs are completed properly and to a high standard</li> </ul>   |
| <b>Create Pride in Place and Enhance Local Environments</b> | <ul style="list-style-type: none"> <li>▪ Publish and deliver neighbourhood investment plans in localities following engagement with customers, working in partnership with key Local Authorities and others where needed</li> <li>▪ Introduce a minimum standard for neighbourhoods through Keep Scotland Beautiful and involve tenants in assessing the standard of neighbourhoods</li> <li>▪ Actively manage our neighbourhoods to ensure that everyone is fulfilling their responsibilities to look after their home and environment</li> <li>▪ Review our communal area service standard with customers, and promote this so that you can better hold us to account</li> <li>▪ Explore options to expand our environmental service capacity to support customers to keep communities safe and clean, including grass cutting expansion and tool exchanges</li> </ul> |
| <b>Keep Rent Fair and Transparent</b>                       | <ul style="list-style-type: none"> <li>▪ Continue to consult all tenants before any rent increase is applied</li> <li>▪ Publish more information on how your rent money is spent and how we do this wisely</li> <li>▪ Continue to expand and tailor the financial support we offer to tenants</li> </ul>   |







## Report

**To:** Wheatley Homes East Board

**By:** Laura Henderson, Managing Director

**Approved by:** Alan Glasgow, Group Director of Housing

**Subject:** Performance Report

**Date of Meeting:** 21 August 2025

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### 1 Purpose

- 1.1 This report presents an update on performance delivery against targets and strategic projects for 2025/26 to the end of quarter one.

### 2 Authorising and strategic context

- 2.1 Under our Terms of Reference, the Board is responsible for monitoring performance against agreed targets. We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework.
- 2.2 The Group Board agreed to an updated programme of strategic projects and performance measures and targets at its meeting in April 2025. Our Board subsequently agreed on our specific performance measures and targets at our meeting on 19 May 2025.

### 3 Background

- 3.1 This report outlines our performance against targets and strategic projects for 2025/26. Unless specified otherwise, results for all measures are based on year-to-date figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“**SHR**”) as part of the Annual Return on the Charter (“**ARC**”) 2025/26.

### 4 Discussion

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






#### **Delivering Exceptional Customer Experience**

##### Customer First Centre (“**CFC**”)

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



**Table 1**

| Measure  | 2024/25   |        |   |
|--|-----------|--------|---|
|  | Value YTD | Target | Status  |
| CSAT score (customer satisfaction)                             | 4.23      | 4.50   |  |
| Call abandonment rate - those waited over 30secs and abandoned | 10.44%    | 5%     |  |
| Group - % of contacts to CFC resolved within CFC               | 89.47%    | 95%    |  |

- 4.3 Customer satisfaction with the CFC (known as “**CFC CSAT**”) remains the key measure, ensuring we place our customers’ voices at the heart of performance management. Our overall CFC CSAT score was 4.23 at the end of quarter one, an improvement from the 4.2 at the end of 2024/25.
- 4.4 The call abandonment rate after 30 seconds, whereby our customers waited over 30 seconds and then abandoned their call increased from the 2024/25 position of 6.09% to 10.44% in quarter one and over the 5% target.
- 4.5 New CFC staff started in May, and began taking live repair calls in June. Their contribution has helped to distribute workload more evenly and reduce queue pressure during peak periods. This will also support reducing the abandonment rate.
- 4.6 The percentage of contacts to the CFC resolved within the CFC, without the need to be passed to either Housing Teams or MyRepairs Team, was 89.47% against a 95% target at the end of quarter one. Performance has reduced since 2024/25 when it was 89.79%. This includes resolution on the phone, and cases resolved by the CFC specialist teams and via digital contact.
- 4.7 In April 2025, colleagues across our CFC and Repairs Teams commenced an ‘Ask and forget’ pilot whereby advisors would now ask questions around customer vulnerabilities and if any reasonable adjustments were required when reporting a repair. The aim of this was to provide a more tailored service which would support an increase in Csat within the CFC and Repairs feedback.
- 4.8 To support this, a CFC advisor is based within our Bilston Depot 2 days per week to build relationships with the repairs teams and oversee the delivery of any adjustments that customers have requested. The pilot will run until September 2025 where learning will be reviewed to agree any changes in approach or process that could become daily practise.
- 4.9 An FCR pilot programme is currently running in Glasgow, which tasks participating staff with resolving customer queries fully during their first contact. Prior to the pilot’s launch, the selected team of four advisors was already performing strongly, with an FCR of 88.93%. During the pilot, this increased significantly to 92.81%, clearly indicating the potential of this focused approach.



- 4.10 Building on this success, CFC have now launched a second pilot group consisting of eight advisors and two Housing Specialist Officers. We will continue to monitor their performance closely, extracting insights and best practices that can be scaled across the wider team. Our objective remains to embed a culture of first-contact resolution throughout the CFC, thereby enhancing customer satisfaction and operational efficiency.
- 4.11 Our geographical team approach, established to better respond to demand and ensure that customers speak to a CFC advisor who is upskilled to support them and, wherever possible, to resolve the enquiry, continues to drive improvements for our customers.
- 4.12 Looking ahead, our focus will be on consolidating the learnings from both pilot groups and developing a structured rollout plan to extend these practices across the full CFC team. By equipping all advisors with the tools, training, and support needed to resolve queries at first contact, we are confident in our ability to close the gap to target and deliver a consistently high-quality customer experience.

### Tenancy Sustainment

- 4.13 Tenancy sustainment is a measure of new tenancies commenced in the previous reporting year where the customer remains in their home for more than a year. As well as new customers benefiting from remaining in their new tenancy for longer, improvement in this measure reduces lost rent and resources required for re-letting.
- 4.14 We continue to support our new customers to sustain their tenancies and to exceed targets in both the Charter and revised measures (the revised measure excludes deaths and transfers to other homes within the Group).
- 4.15 Our Charter tenancy sustainment at 94.04% continues to be high and surpasses the Scottish average of 91.2% for 2023/24.

**Table 2**

| Tenancy Sustainment | Charter – All lets | 2025/26 Target - Charter | Charter – Homeless Lets | Revised | 2025/26 Target - Revised |
|---------------------|--------------------|--------------------------|-------------------------|---------|--------------------------|
| WHE                 | 94.04%             | 90%                      | 93.14%                  | 96.03%  | 91%                      |

### Allocations CSAT

- 4.16 Our Allocations MyVoice survey was introduced on 1 August 2023 to measure our customer satisfaction with the process of getting their new home.
- 4.17 Our score for the rolling year remains on target at 4.5 at the end of June 2025.
- 4.18 Positive feedback from our customers recognises housing officers as supportive and professional, appreciating how clearly the process was explained and sign up managed quickly and smoothly. Satisfied customers found staff approachable and reassuring.



**Table 3**

| Allocations CSAT | 2025/26 – Rolling year | 2025/26 Target |
|------------------|------------------------|----------------|
| WHE              | 4.5                    | 4.5            |



## Making the Most of Our Homes and Assets

### Development Programme

- 4.19 Our target is to deliver a total of 339 new homes in 2025/26 (232 social and 107 Mid-Market homes (“**MMR**”) homes).
- 4.20 We have had 118 handovers to the end of quarter one, comprised of 88 social housing homes against a target of 91 year to date and 30 MMR properties.

**Table 4**

| Sites                                | Handovers (YTD) | Target (YTD) | Difference and handovers to 30 <sup>th</sup> June |
|--------------------------------------|-----------------|--------------|---|
| Dalhousie South (Ph 1) (Social)      | 6               | 0            | +6  |
| West Craigs (Ph1) (Plot 4) (Social)  | 7               | 59           | -52   |
| West Craigs (Ph2) (Plot 5) (Social)  | 41              | 22           | +19   |
| West Craigs (Ph3) (Plot 13) (Social) | 26              | 0            | +26   |
| West Craigs Ph3 (Plot 13) (MMR)      | 30              | 0            | +30   |
| Sibbalds Brae (Social)               | 4               | 10           | -6  |
| Winchburgh BB (Social)               | 4               | 0            | +4  |
| <b>Totals</b>                        | <b>118</b>      | <b>91</b>    | <b>+27</b>  |

- 4.21 The final four units of 29 social housing units were delivered at Sibbalds Brae in quarter one, bringing site works to completion.
- 4.22 Site works were also completed ahead of programme during quarter one across Westcraigs plot 5 & 13 (PH2&3) with 104 units being delivered against a target of 81. Handovers will continue through quarter two for the final 60 Social Rented units at Westcraigs Plot 4 (PH1) with site completion expected September 2025.
- 4.23 Works continue to progress well at Wallyford 5, Winchburgh BB, Dalhousie South PH1, Builyeon Road PH3A, Deans South and St Crispins which total 263 units expected to be delivered within 2025/26.
- 4.24 Following board approval in May 2025, Winchburgh P3 and Charlesfield Road are progressing well with contract negotiations with agreements expected to be reached shortly to allow a site start.
- 4.25 Site works commenced at Longniddry Phase 2, which will see 17 MMR units delivered 2026/27.

### Book It, Track It, Rate It

- 4.26 Our ‘Book It, Track It, Rate It’ app aims to improve visibility and communication during the repair journey.



- 4.27 For the year-to-date our 'Rate It' score is on target at 4.5/5 (from 642 customer responses, representing 15.05% of feedback links shared with customers).
- 4.28 Local teams have full access to overall scores, as well as the breakdown by trade/operative/work type for Rate It, to ensure feedback is used to continually review and improve performance.

#### Volume of Emergency Repairs

- 4.29 The table below shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2021/22. The target for 2025/26 is a reduction of 3.34%.

**Table 5**

| Completed repairs | emergency | YTD 24/25 | YTD 25/26 | Variance |
|-------------------|-----------|-----------|-----------|----------|
| WHE               |           | 1,938     | 2,372     | 22.39%   |

- 4.30 We have carried out 434 emergency repairs more than the same point last year, a variance of 22.39% compared to 2.27% for same quarter last year.
- 4.31 We continue to review the raising of emergency repairs volumes as these are a consequence of customer reports and are affected by external factors such as weather conditions to ensure these being raised appropriately and diagnosed at the CFC as emergencies.

#### Repairs Timescales and Right First Time

- 4.32 Our average time taken for emergency repairs is just over target at 3.16 hours at the end of quarter one, an improvement on 3.8 hours last year.
- 4.33 The below table also shows the average time taken for non-emergency repairs at 8.76 days, above this year's target of 7.5 days. This is an improvement on 9.97 days last year. Through a combination of various actions including system reviews, improved reporting analysis, and refresher training, we have saw a positive increase in productivity across WHE. These combined efforts contributed towards improved performance for non-emergency repairs in Q1.

**Table 6**

| Repairs completion timescales (Charter) | Emergency (hours) |           | Non-emergency (days) |           |
|---|-------------------|-----------|----------------------|-----------|
|   | Target            | YTD Value | Target               | YTD Value |
| WHE                                     | 3.00              | 3.16      | 7.5                  | 8.76      |

- 4.34 Our performance year to date is 99.6% completed right first time with only 15 repairs out of 3,757 reported again by customers. This is in comparison to performance of 89.49% at the end of 2024/25.



- 4.35 The improvement in this indicator is driven by the change in recording guidance from the SHR. Previously, repairs which were overdue were not considered as Right First Time, however, this is no longer the case. Under the guidance, the only repairs which are now not Right First Time are those repairs completed during the reporting year where the repair is 'reported again' within the same reporting year. We consider these our 're-issued repairs', that is, where the tenant has reported the repair was not completed correctly and we raise a new line (a re-issued repair) to address the defect.

**Table 7**

| Percentage of repairs right first time (Charter) | 2025/26 YTD | Target |
|--|-------------|--------|
| WHE  | 99.6%       | 90%    |

- 4.36 Our evidence from complaints, 'Rate it' feedback and repairs satisfaction surveys all suggest that whilst the vast majority of repairs are completed Right First Time, tenants do identify jobs which they believe to have not been completed right first time. It is not necessarily the case however that the tenant giving such feedback has raised a subsequent repair or if they have, it has been reported as such.

#### Damp and mould

- 4.37 SHR have introduced three new Charter measures covering damp and/or mould 'cases' to be reported in Annual Return of the Charter from 2025/26. These consider the "earliest date a request is received by the landlord...until the work is satisfactorily completed in the opinion of the landlord".
- 4.38 We are working to ensure that two of these measures become a core aspect of our regular performance monitoring:
- The first new ARC measure is the *average time in working days to resolve cases of damp and/or mould* assessed under our own policies by main cause, broken down as Condensation, Structural or Other. This also provides a total number of cases and by cause. We consider Other to include issues caused by landscaping or external flooding, or where additional technical support may be required to understand the issue; and
  - The second new measure is the *percentage of cases which are re-opened*, defined as a case initially resolved but then requiring unplanned work within the reporting year, and again broken down by cause. This also provides a total number of re-opened cases and by cause.
- 4.39 The third measure is a snapshot of open/live cases which have been assessed as damp and/or mould at the reporting year-end. As such, this will be reported at year-end only.
- 4.40 To support ARC reporting, several changes were made to our damp and mould process and systems during March to July 2025. This initial period of change therefore required, for the short term, a more manual approach to data capture and reporting than will be expected in the future. There has been and remains a focus on data quality and process refinement.
- 4.41 The table below shows our initial oversight of the average days to complete known mould and/or damp cases for quarter one.



**Table 8**

| Damp and/or Mould Cases Q1 |           | By Causation* |            |           |
|----------------------------|-----------|---------------|------------|-----------|
|                            |           | Condensation  | Structural | Other     |
| Number complete            | 88        | 76            | 3          | 9         |
| Average days to complete   | 4.55 days | 4.45 days     | 13.33 days | 2.44 days |


\*The balance comprises cases pending causation diagnosis and categorisation.

- 4.42 In terms of mould cases 98% were the lowest severity rating of Category three, where the mould is treated in a single visit.
- 4.43 There have been no re-opened cases during quarter one. We consider a case to be re-opened when there is more than one case in the same property **and** location **and** with the same causation, in the same performance year.

#### Medical Adaptations

- 4.44 Time to complete medical adaptations remains well within the 25-day target at an average of 12.88 days year to date. We have completed 41 adaptations and currently have 15 households waiting.

**Table 9**

| Medical Adaptations (Charter) | Current Households Waiting | Number Completed YTD | Average Days to Complete YTD | Target   |
|-------------------------------|----------------------------|----------------------|------------------------------|--|
| WHE                           | 15                         | 41                   | 12.88                        | 25  |

#### Gas Safety

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

#### Compliance

- 4.46 We have made good progress with our compliance programmes in quarter one. All our relevant properties (56) are compliant with Legionella assessment requirements. We have carried out safety inspections on all our passenger and domestic lifts.
- 4.47 At the end of quarter one, 99.89% of all properties have a valid Electrical Installation Condition Report ("**EICR**") compared to 99.7% at end of last year. All overdue properties are now at an advanced appointment stage and full compliance is expected at year end. In addition, inspections of the EICRs due to expire before the end of 2025/26 is 21.02% complete at the end of quarter one with more resources being assigned to this programme to ensure 100% completion by year end.

#### Health and Safety



- 4.48 To the end of quarter one we had one HSE reportable incident. A full incident investigation report has been carried out by our H&S Team and a number of improvement actions are now being pursued.
- 4.49 We have no Health and Safety Executive or local authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.
- 4.50 We have received no new employee liability claims during quarter one.

#### Workplace Fires

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



## Changing Lives and Communities

#### Peaceful Neighbourhoods

- 4.52 Since 2021 we have had in place a strategic measure on the number of tenancies categorised as Peaceful. This is based on the Police Scotland Safe, Calm and Peaceful methodology and the definitions are as follows:

**Peaceful** – datazones assessed to be minimal to low priority with a recommendation of regular service delivery;

**Calm** – datazones assessed as moderate to high priority and carry a recommendation of regular service delivery or monitoring; and

**Safe** – datazones assessed to be very high to extremely high priority with a recommendation for a prioritisation for enforcement measures.

- 4.53 The Safe, Calm and Peaceful ratings are calculated by Police Scotland using the Police Scotland Business Intelligence Toolkit (“**BIT**”). This tool considers each Scottish Index of Multiple Deprivation (“**SIMD**”) datazone, the SIMD deprivation score for the datazone and public reported incidents of ASB which occurred within or near our properties (within 25 meters) within the datazone.
- 4.54 The SIMD score is only updated every three or four years and was last updated in 2020. As such, it generally remains static each period and the only variable element is the monthly reports of ASB incidents to Police Scotland.
- 4.55 Our strategic measure is for over 80% of customers across our Group to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter one, the Group-wide percentage of tenancies categorised as Peaceful increased from 74.05% at the year-end 2024/25 to 75.91%. It should be noted that we also monitor our own repeat ASB cases measure by RSL, reported later in this section and showing the relatively low number we have.

#### Anti-Social Behaviour (“**ASB**”) Resolved



- 4.56 By the end of quarter one, the resolution rate for WHE ASB cases was 93.39%, a reduction from the end of 2024/25 (100%) and below the target of 100%. Live cases and timescales are being discussed at team meetings as well as the importance of adhering to these timescales.

**Table 10**

| ASB Resolution Rate | YTD    | 2025/26 Target |
|---------------------|--------|----------------|
| WHE                 | 93.39% | 100%           |

Repeat Anti-Social Behaviour cases – number of repeat addresses

- 4.57 Year-to-date to December, ASB was recorded at 35 of our repeat addresses. This compares to 138 at the same time last year. Less than 1% of our properties have issues with repeat incidences of ASB.
- 4.58 The CIP team meet monthly to discuss Prevention and Solutions activity as well as conduct analysis and make observations to facilitate further discussion around targeted activity. This helps to identify areas of concern around increased and/or persistent offending, allowing for a more proactive approach.

Accidental Dwelling Fires (“ADFs”)

- 4.59 This year we have had five minor accidental dwelling fires to the end of quarter one, compared to the six we had to the same period last year and 22 by the end of 2024/25.

**Table 11**

| Number of recorded accidental dwelling fires | 2025/26 YTD | 2024/25 |
|--|-------------|---------|
| WHE  | 5           | 22      |

- 4.60 Group’s Strategic result is to reduce RSL accidental dwelling fires (ADFs) by 10% by 2025/26, against the baseline of 215 ADFs in 2020/21. We achieved this target in each year of the strategy to 2024/25 and to the end of quarter one across the group we have had 24 accidental dwelling fires.
- 4.61 Our additional strategy measure aims to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

**Table 12**

| Fire Risk Assessments  | 2025/26 YTD | Target |
|--|-------------|--------|
| The percentage of relevant premises - HMOs that have a current fire risk assessment in place | 100%        | 100%   |

- 4.62 As at the end of quarter one, we had only one outstanding overdue mandatory action, which our teams are working with the customer involved to have all works completed.

Reducing Homelessness

- 4.63 We have provided 101 homes to homeless households in quarter one. Our percentage of relevant lets made to homeless applicants is 58.86% (relevant lets exclude LivingWell and sheltered properties, nominations and social work referrals which we are limited to let to homeless applicants).









**Table 13**

| Reducing Homelessness | 2025/26<br>Number of lets to<br>homeless applicants<br>(ARC) – YTD | 2024/25<br>Number of lets to<br>homeless applicants<br>(ARC) – full year |
|-----------------------|--|--|
| WHE                   | 101  | 412  |

### Jobs and Opportunities

**Table 14**

|  | Target<br>YTD | 2025/26<br>YTD |   | 2024/25 |   |
|--|---------------|----------------|---|---------|---|
| Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities | 43            | 124            |  | 469     |  |
| Total number of jobs, training places or apprenticeships created for customers and communities             | 15            | 21             |  | 216     |  |
| Number of people accessing services which help alleviate poverty in Wheatley Communities                   | 281           | 406            |  | 1,316   |  |

- 4.64 124 children and young people have been supported from our homes and communities this year. This exceeds the year-to-date target of 43. This has included young people supported in Niddrie through the Friday Night Lights youth project and 3 young people from Valley Park accessing digital devices.
- 4.65 Year to date, the Wheatley Works staff have supported 21 training and employment opportunities for people in our homes and communities, exceeding the YTD target of 15. Training opportunities, includes Street League employability programmes, Youth Build Construction and Moving Forward personal Development programme. Job opportunities have included facilities technician with Edinburgh Council, Warehouse Operative with Druids Golf, Project Lead with Big Hearts, Store Assistants with Tesco and apprentice landscaper with Urban Utopia.
- 4.66 Over 406 people from our homes and communities have been supported to access projects to alleviate the impacts of poverty so far this year exceeding the target of 281. This includes 324 households being supported by our Welfare Benefits Service to help secure over £639k of Client Financial Gain.
- 4.67 Percentage of planned jobs, training places or apprenticeships created which are secured by our customers across the Group YTD is at 63.46% (99/156) exceeding the 60% target.
- 4.68 For 2025/26 there have been no Community Benefit jobs and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by our customers. The target for 2025/26 is 30%.



- 4.69 Wheatley Foundation has been working with contractors to develop opportunities with customers. We continue to work with Cruden Homes East. Updates will be provided in the quarter two report.



## Developing our Shared Capability

### Sickness Absence

- 4.70 As the table below shows, our sickness performance is better than the 3% target for housing staff at 2.53% year to date to the end of quarter one and an improvement on 2024/25. For repairs staff, sickness rates are currently well below the 5% target at 1.73% year to date and a significant improvement on the 4.87% in 2024/25.
- 4.71 Our combined rate for is currently 2.08% which is better than the 3% target and an improvement on 2024/25.

**Table 15**

| Sickness Rate       | Target | 2025/26 YTD |   | 2024/25 |
|---------------------|--------|-------------|---|---------|
| WHE - Housing staff | 3%     | 2.53%       | ■ | 2.79%   |
| WHE – Repairs staff | 5%     | 1.73%       | ■ | 4.87%   |
| WHE – Total         | 3%     | 2.08%       | ■ | 4.24%   |



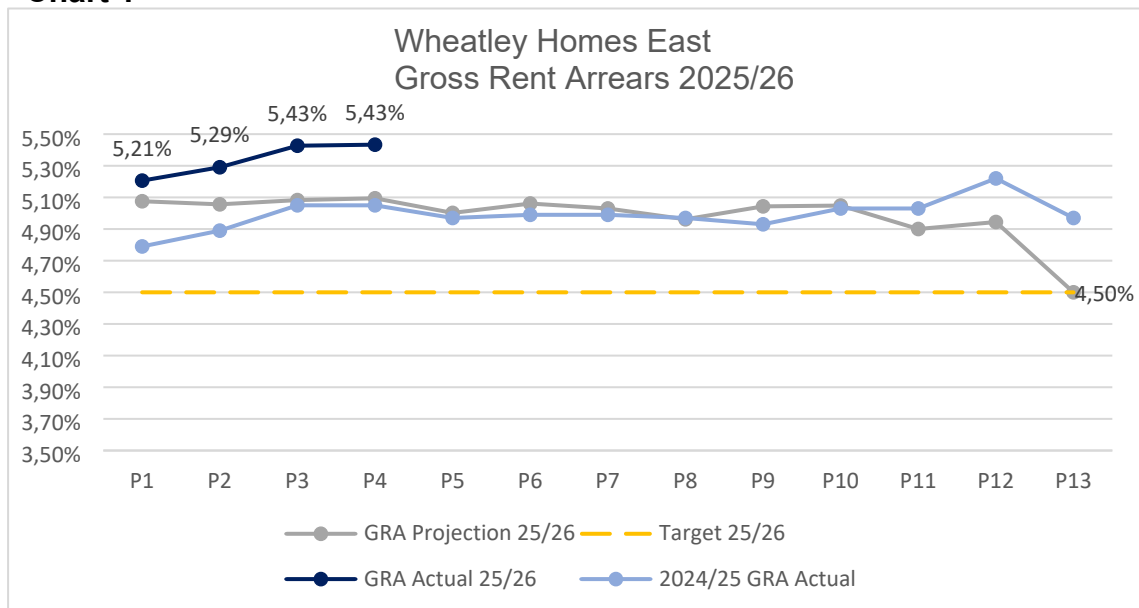
## Enabling our Ambitions

### Gross Rent Arrears (“GRA”)

- 4.72 Our GRA was 5.43% at the end of quarter one. We continue to prioritise collection of income and escalation. We have been impacted by Universal Credit (“UC”) managed migration and non-payers. To support customers at this time, we use a variety of methods of support, including our Housing Officers, Financial Wellbeing Officers and funding from Discretionary Housing Payments, Managed Payments to Landlord for UC customers and utilising A Local Information Systems for Scotland (“ALISS”) to find alternative sources of support and funding to meet challenges with paying rent and getting accounts in advance.
- 4.73 We continue to work with the City of Edinburgh Council to reduce historic Intensive Housing Management arrears which the majority of has now been paid, however we are now being impacted with Housing Benefit being suspended in error for supported customers who have been given migration notices.



**Chart 1**



#### Average Days to Re-Let (Charter and revised)

- 4.74 Our average days to re-let (Charter) for the first quarter of this year is 21.82 days. Note that from 2025/26, our Charter performance includes days lost to health and safety related meter issues where we consider the property unsafe/unfit to occupy.
- 4.75 Meter issues include, for example, where a tampered meter results in a property having no power or where the supply has been cut off and we are awaiting reconnection (energy companies are not prioritising this work due to the property being void); both issues mean we cannot undertake crucial safety checks prior to letting. We have been particularly impacted in quarter one this year by the Radio Teleswitch (“**RTS**”) switch off, with energy engineers prioritising this change and leading to further reduced availability from their teams for our void work.
- 4.76 Excluding meter issues, our re-letting times improve to better than target performance of 12.23 days for the first quarter.
- 4.77 As reported by the Regulator, the Scottish average for the Charter 2023/24 increased from 55.6 days in 2022/23 to 56.7 days, indicating that the sector continues to face letting issues when compared to the 31.5-day average in 2019/20. Our letting times continue to surpass this benchmark for both measures. The Regulator will publish 2024/25 ARC results at the end of August 2025.



**Table 16**

| Average days to re-let | ARC 2025/26 YTD (including meter issues) | 2025/26 Target | 2024/25 (including meter issues) | Revised 2025/26 YTD (excluding meter issues) | Revised 2024/25 (excluding meter issues) |
|------------------------|--|----------------|----------------------------------|--|--|
| WHE                    | 21.82                                    | 16             | 17.56                            | 12.23  | 14.20                                    |

### Invoice Payments

- 4.78 By the end of quarter one, 96.56% of invoices were paid in 30 days or fewer, an improvement from the end of 2024/25 which was 94.99%) and better than the target of 96%.

### Procurement

- 4.79 By the end of quarter one, 87.91% of contracted expenditure was compliant with procurement rules, against a 99% target. This is lower than the end of 2024/25 which was 88.82%.



## Summary of Strategic Project Delivery

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

**Table 17**

| Complete | On track | Slippage | Overdue |
|----------|----------|----------|---------|
| 0        | 4        | 1        | 0       |

- 4.81 No projects were completed during quarter one.
- 4.82 One project is currently showing some slippage, Tenant web self-service. We expect this next milestone to be completed by the end of August and that the project will, overall, still be completed on time.
- 4.83 All remaining projects are currently on track.

## 5 Customer engagement

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

## 6 Environmental and sustainability implications

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

## 7 Digital transformation alignment



- 7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2025/26 have been developed and prioritised with IT, digital and data interdependencies a key factor.
- 8 Financial and value for money implications**
- 8.1 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.
- 9 Legal, regulatory and charitable implications**
- 9.1 The Scottish Housing Regulator requires an Annual Return on the Charter (“**ARC**”) from each RSL. Key indicators within this return are also included in quarterly performance reporting.
- 9.2 We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year. The Group Scrutiny Panel will consider the draft Report to Tenants at their August meeting.
- 10 Risk appetite and assessment**
- 10.1 This report covers performance across each of our strategic themes and as such there is no single agreed risk appetite. Having a strong performance management culture will support our progression from excellence to outstanding for which we have an open risk appetite in relation to operational delivery with cautious appetite in relation to compliance with law and regulation.
- 11 Equalities implications**
- 11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.
- 12 Key issues and conclusions**
- 12.1 We have strong performance against our targets for 2025/26 in several key areas including tenancy sustainment, allocation customer satisfaction, medical adaptation timescales, new build mid-market completions, the number of jobs, training places or apprenticeships created for customers and communities, the number of children and young people benefiting from targeted Foundation programmes, the number of people accessing services which help alleviate poverty, communities classified as peaceful, sickness absence, lettable homes that became vacant and average days to re-let when meter issues are excluded. Areas for continued focus include annual tenant visits, repair completion timescales, and rent arrears.
- 13 Recommendations**
- 13.1 The Board is asked to note the contents of this report.



## LIST OF APPENDICES:








Appendix 1: Strategic Results Dashboard

Appendix 2: Strategic Projects Dashboard





Appendix 1 - WHE Board - Delivery Plan 25/26 - Strategic Measures

1. Delivering Exceptional Customer Experience

|   | 2024/25 | YTD 2025/26 |        |   |
|---|---------|-------------|--------|---|
| Measure   | 2024    | 2025        |        |   |
|   | Value   | Value       | Target | Status  |
| % Annual Tenant Visits                                    | 69.87%  | 72.57%      | 100%   |  |
| % new tenancies sustained for more than a year - overall  | 94.42%  | 94.04%      | 90%    |  |
| % new tenancies sustained for more than a year - homeless | 93.07%  | 93.14%      |        | Contextual  |
| % new tenancies sustained for more than a year - revised  | 96.15%  | 96.03%      | 91%    |  |
| Group - % of contacts to CFC resolved within CFC          | 89.79%  | 89.47%      | 95%    |  |
| CFC CSAT  | 4.2     | 4.23        | 4.5    |  |
| Allocations CSAT  | 4.6     | 4.5         | 4.5    |  |
| Call abandonment rate after 30 secs                       | 6.09%   | 10.44%      | 5%     |  |

2. Making the Most of Our Homes and Assets

|  | 2024/25 | YTD 2025/26 |        |   |
|--|---------|-------------|--------|---|
| Measure  | 2024    | 2025        |        |   |
|  | Value   | Value       | Target | Status  |
| Average time taken to complete emergency repairs (hours) – make safe | 3.8     | 3.16        | 3      |  |
| Average time taken to complete non-emergency repairs (working days)  | 9.97    | 8.76        | 7.5    |  |
| % reactive repairs completed right first time                        | NEW     | 99.6%       | TBC    | Contextual  |













|   | 2024/25 | YTD 2025/26 |        |            |
|---|---------|-------------|--------|------------|
| Measure   | 2024    | 2025        |        |            |
|   | Value   | Value       | Target | Status     |
| Gas safety checks not met   | 0       | 0           | 0      | ✓          |
| Average time to complete approved applications for medical adaptations (calendar days)  | 20.15   | 12.88       | 25     | ✓          |
| Legionella - percentage of applicable properties with a valid risk assessment in place  | 100%    | 100%        | 100%   | ✓          |
| Number of electrical installation inspections completed and number due to be completed  | 98.7%   | 21.02%      | 100%   | ✗          |
| Percentage of properties with an EICR certificate up to 5 years old   | 99.7%   | 99.89%      | 100%   | ⚠          |
| Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed | 100%    | 100%        | 100%   | ✓          |
| Number of passenger lifts with a completed six-month inspection and test against the number due to be completed                     | 100%    | 100%        | 100%   | ✓          |
| New build completions - Social Housing  | 312     | 88          | 91     | ⚠          |
| New build completions - Mid-market  | 138     | 30          | 16     | ✓          |
| Number of RIDDOR  | 1       | 0           |        | Contextual |
| Number of HSE or LA environmental team interventions  | 0       | 0           | 0      | ✓          |
| Number of new employee liability claims received  | 0       | 0           |        | Contextual |
| Group - Number of open employee liability claims  | 10      | 10          |        | Contextual |
| Number of days lost due to work related accidents   | 20      | 0           |        | Contextual |

### 3. Changing Lives and Communities

|         | 2024/25 | YTD 2025/26 |        |        |
|---------|---------|-------------|--------|--------|
| Measure | 2024    | 2025        |        |        |
|         | Value   | Value       | Target | Status |



|  | 2024/25 | YTD 2025/26 |        |   |
|--|---------|-------------|--------|---|
| Measure  | 2024    | 2025        |        |   |
|  | Value   | Value       | Target | Status  |
| % ASB resolved   | 100%    | 93.39%      | 100%   |    |
| Number of Lets to Homeless Applicants (ARC)  | 412     |             |        | Contextual  |
| % Lets Homeless Applicants - overall (ARC)   | 57.38%  | 50.75%      |        | Contextual  |
| % Relevant lets to Homeless Applicants   | 65.55%  | 58.86%      |        | Contextual  |
| Group - Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers | 69.77%  | -           | 30%    |   |
| Group - % planned jobs, training places or apprenticeships created which are secured by our customers  | 73.19%  | 63.46%      | 60%    |    |
| Total number of jobs, training places or apprenticeships created for customers and communities   | 216     | 21          | 15     |    |
| Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities   | 469     | 124         | 43     |    |
| Number of people accessing services which help alleviate poverty in Wheatley Communities   | 1,316   | 406         | 281    |    |
| Group - % of Communities Classified as Peaceful  | 74.05%  | 75.91%      | 75%    |    |
| WHE - % of Communities Classified as Peaceful  | 87.84%  | 91.75%      | 75%    |  |
| Group - Repeat antisocial behaviour cases in period – number of repeat addresses   | 935     | 202         |        |   |
| Group - The percentage of HMOs that have a current fire risk assessment in place   | 100%    | 100%        | 100%   |  |
| Number of accidental fires in workplace  | 0       | 0           | 0      |  |
| Number of accidental dwelling fires recorded by Scottish Fire and Rescue   | 22      | 5           |        | Contextual  |
| Group RSLs - Number of accidental dwelling fires (reduce by 10% by 2025/26) (Upper limit 193 for 2025/26)  | 95      | 24          | 195    |  |
| 4. Developing Our Shared Capacity  |         |             |        |   |




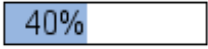

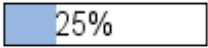
|                                 | 2024/25 | YTD 2025/26 |        |        |
|---------------------------------|---------|-------------|--------|--------|
| Measure                         | 2024    | 2025        |        |        |
|                                 | Value   | Value       | Target | Status |
| WHE (Housing) - % Sickness rate | 2.79%   | 2.53%       | 3%     | ✓      |
| WHE (Repairs) - % Sickness rate | 4.87%   | 1.73%       | 5%     | ✓      |
| Sickness Rate                   | 4.24%   | 2.08%       | 3%     | ✓      |

## 5. Enabling Our Ambitions





|  | 2024/25 | YTD 2025/26 |        |            |
|--|---------|-------------|--------|------------|
| Measure  | 2024    | 2025        |        |            |
|  | Value   | Value       | Target | Status     |
| % lettable houses that became vacant   | 6.31%   | 6.94%       | 8%     | ✓          |
| Average time to re-let properties (ARC)  | 17.56   | 21.82       | 16     | ✗          |
| Average time to re-let properties (excluding meter issues)   | 14.2    | 12.23       | 16     | ✓          |
| WHE C - Gross rent arrears (all tenants) as a % of rent due  | 4.98%   | 5.43%       | 4.5%   | ✗          |
| WHE B - Gross rent arrears (all tenants) as a % of rent due  | 5.78%   | 6.64%       |        | Contextual |
| WHE A - Gross rent arrears (all tenants) as a % of rent due  | 4.88%   | 5.29%       |        | Contextual |
| % of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice) | 94.99%  | 96.56%      | 96%    | ✓          |
| % of contracted expenditure compliant with procurement rules   | 88.82%  | 87.91%      | 99%    | ✗          |




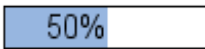
## Appendix 2 - WHE Board - Delivery Plan 25/26 - Strategic Projects

| Delivery Plan Project   | Delivery Date | Status  | % Progress   | Milestone  | Due Date    | Completed | Progress Note  |
|---|---------------|---|--|--|-------------|-----------|--|
| Asset Compliance and Data Strategy Programme (b)  | 30-Nov-2025   |    |    | 01. PIMSS Platform - Architecture and SAAS review  | 31-May-2025 | Yes       | Process mapping of identified workstreams complete identifying integration, current automation and data entry points; and to-be process designed |
|   |               |   |  | 02. 2 (FRA + Lifts) - process map and to-be design   | 30-Jun-2025 | Yes       |  |
|   |               |   |  | 03. PIMMS/Group 3 year roadmap - review and define with vendor input   | 31-Aug-2025 | No        |  |
|   |               |   |  | 04. Group business and Assurance approach review   | 31-Oct-2025 | No        |  |
|   |               |   |  | 05. ET end of Q2 Programme Update  | 30-Nov-2025 | No        |  |
| Providing safe, secure tenancies to support independent living (external interdependency) (b) | 28-Feb-2026   |  |  | 01. Complete the build and allocation of the 19 West Craigs properties   | 31-Jul-2025 | Yes       | Westcraigs development has been handed over and the first individuals are moving in in July.   |
|   |               |   |  | 02. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships to showcase the potential for new build supporting hospital discharges into independent living | 31-Oct-2025 | No        |  |
|   |               |   |  | 03. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships and Councils to explore the potential for a similar approach                                   | 31-Jan-2026 | No        |  |
|   |               |   |  | 04. Update to the Group Board on the engagement and  | 28-Feb-2026 | No        |  |



| Delivery Plan Project  | Delivery Date | Status  | % Progress   | Milestone   | Due Date    | Completed | Progress Note   |
|--|---------------|---|--|---|-------------|-----------|---|
|  |               |   |  | any associated implications for our future development programme  |             |           |   |
| Engagement 2.0: Maturing customer engagement and performance measures as part of our customer insight approach (b) | 31-Dec-2025   |    |    | 01. Trial a new method of managing engagement - MS Dynamics in WHG South area - and evaluate its impact                                   | 30-Jun-2025 | Yes       | MS Dynamics trialled in WHG South area with Customer Voices during May 2025. Impact evaluated against sector averages for delivery, click, open and unsubscribe rates, and feedback sought from customer via post pilot survey. Our pilot outperformed the sector benchmarks. Further incremental roll out will support engagement and communication review projects. |
|  |               |   |  | 02. Undertake a review of the existing Stronger Voices framework and operation of the existing structures                                 | 31-Jul-2025 | Yes       |   |
|  |               |   |  | 03. Gather customer perspective and ideas on how our approach to engagement could evolve through the 2026-31 strategy development phase 2 | 30-Sep-2025 | No        |   |
|  |               |   |  | 04. Review the existing framework based on the review of its effectiveness to date and feedback from customers                            | 31-Oct-2025 | No        | Stronger Voices framework discussed with Stronger Voices Community of Excellence (CoE) and the Different Together Customer Focus Network in April 2025, and the Group Scrutiny Panel in May 2025. Refreshed Stronger Voice structure introduced in Glasgow.   |
|  |               |   |  | 05. Recommendations for Stronger Voices Framework 2.0 in support of our emerging Strategy 2026-31 agreed by RSL and Group Boards          | 31-Dec-2025 | No        |   |
| Tenant Web Self-Service (b)  | 30-Nov-2025   |  |  | 01. Business Case development and approved by the Executive Team  | 31-May-2025 | No        | Business case has been reviewed and the preferred vendor identified. We expect this milestone to be   |
|  |               |   |  | 02. Preferred vendor  | 31-Aug-2025 | No        |   |



| Delivery Plan Project               | Delivery Date | Status  | % Progress   | Milestone   | Due Date    | Completed | Progress Note  |
|-------------------------------------|---------------|---|--|---|-------------|-----------|--|
|                                     |               |   |  | engagement pre contract   |             |           | completed by the end of August and the project overall will still be completed on time.  |
|                                     |               |   |  | 03. Contract Approval - Executive Team  | 31-Aug-2025 | No        |  |
|                                     |               |   |  | 04. Project Plan developed  | 30-Sep-2025 | No        |  |
|                                     |               |   |  | 05. Development and implementation update to Executive Team   | 30-Nov-2025 | No        |  |
| Lowther letting growth strategy (b) | 31-Dec-2025   |  |  | 01. Board strategy workshop - Lowther Homes Board agree principles of an asset growth strategy                            | 31-May-2025 | Yes       | Progressing discussions with Scottish Widows on an acquisition of c.230 MMR homes from WH Glasgow and WH East. New security exercise being completed (assets valued at c.£9m at Ashgill Road and Raw Holdings). Analysis of debt quantum will be undertaken when indicative terms are provided from Widows (mid-August). |
|                                     |               |   |  | 02. Explore financial models to support agreed options  | 31-May-2025 | Yes       |  |
|                                     |               |   |  | 03. Explore potential alternative corporate structure options to support growth e.g. equity models or Joint Ventures      | 31-Oct-2025 | No        |  |
|                                     |               |   |  | 04. Agree preferred option(s) with the Lowther Homes Board, for onward recommendation to the Group Board where applicable | 31-Dec-2025 | No        |  |



## Report

**To:** Wheatley Homes East Board

**By:** Stephen Devine, Director of Assets and Sustainability

**Approved by:** Frank McCafferty, Group Director of Assets and Development

**Subject:** Radio Teleswitch update

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1. To update the Board on the planned switch-off of the Radio Teleswitch (“RTS”) system, and in particular some changes in approach communicated recently by the UK Government.

### 2. Authorising and strategic context

- 2.1 Under our Terms of Reference, we are responsible for considering matters of strategic importance.
- 2.2 The planned switch-off of RTS has potential implications for the heating and hot water supply to a significant number of our customers and is therefore considered strategically important. Updates on this have been provided to the Board at its recent meetings and will continue until there is confidence that the RTS issue is being adequately addressed.

### 3. Background

- 3.1 Around 314,000 RTS meters remain in operation in the UK with an estimated one-third in Scotland. Until late June 2025, the scheduled national ‘switch-off’ of these meters was due to start at the end of June with meters in Scotland being switched-off from the end of August 2025. However as discussed below, this position has now changed.
- 3.2 We have been working closely with Scottish Power, as they are by far the largest RTS meter operator in our stock and are now receiving fortnightly updates on progress in switching meters in our stock. The latest indication from Scottish Power is that **we have 413 RTS meters in our homes**.
- 3.3 Based on the latest data (end-July) we have, Scottish Power has 1,102 appointments booked for Wheatley customers – group wide, over the next six weeks, with a further 633 scheduled after that.



## 4. Discussion

- 4.1 Since the last update the position on the RTS switch-off has changed following extensive discussion at UK Government level including with Ofgem and Energy UK. UK Government Ministers have now indicated that:

*Customers will not unexpectedly lose access to their heating and hot water after 30th June, and we [UK Government] will not allow widespread disconnection.*

*Suppliers must fulfil all of their legal obligations to their customers, and that any future, localised phase-out of RTS meters after 30th June must be controlled, planned, and communicated properly to all customers in order to proceed.*

*The government will do everything it can to ensure that all customers are protected, and will work with Ofgem to hold suppliers to account if required. We expect energy suppliers to be taking measures, such as deploying roaming teams of installers including in rural areas, to ensure consumers receive replacement meters in a timely manner.*

- 4.2 We have been working with Ofgem and Scottish Power to understand what this will mean in practice, and while details are still being finalised, it is now clear that the switch-off will be phased slowly and carefully by RTS meter group code. There are 336 such codes, mainly aligned geographically, covering the UK. Ofgem has set some principles to inform the detail of the code based switch-off being developed by energy companies. These principles include:
- a code will only be switched-off once the customer numbers in the area are in the tens;
  - planning for switch-off will focus on the code areas containing the smallest number of meters first;
  - a 'criteria checklist' will be developed that suppliers must meet before shut down happens;
  - at switch-off Service Level Agreements ("SLAs") will be in place requiring suppliers to reach customers within a maximum timescale - akin to power outage response; and
  - monitoring will take place on initial switch-offs on supplier response and how meters behave, to inform future shut-downs.
- 4.3 We understand that the plan for code-based switch-off is expected to take many months and that switch-offs will not be planned during the winter months. We also understand that the approximately 20 meter codes in our properties will not be in the early stages of the switch-off, although details of the plan are still being developed.
- 4.4 This more cautious approach is illustrated by the first switch-off, which is termed a 'test and try' event and happening in North Wales, focused on 32 addresses and expected to take 3 weeks. After this there will be a review period to inform the development of the wider plan and approach.



- 4.5 While the delay and far more cautious, phased and planned approach to switch-off is welcome, we intend continuing to focus on encouraging our customers with RTS meters to have them replaced. Progress with this has been steady as shown below.

| <b>Week commencing</b> | <b>May-25</b> | <b>23.06</b> | <b>30.06</b> | <b>07.07</b> | <b>14.07</b> | <b>21.07</b> | <b>28.07</b> |
|------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| RTS remaining          | 501           | 480          | 466          | 452          | 447          | 432          | 413          |

- 4.6 Our discussions with Scottish Power have indicated that our efforts to engage customers on the need to switch is having a positive impact. The number of appointments being completed, at around 80%, and the level of forward bookings for our customers are both now ahead of the population in general. Scottish Power has also indicated that they understand the recent announcement of the more cautious approach to switch-off has seen appointment levels for some suppliers dropping significantly but that this has not happened among our customers. Our engagement activities have included:

- Direct mail;
- Housing officers having discussions with customers;
- Social media activities; and
- Targeted outbound calling.

- 4.7 As part of our outbound calling, we are, where possible, undertaking a 'warm handover' between our customer first centre and Scottish Power so the customer can book their appointment. Data from our discussions with customers is also confirming the picture provided by Scottish Power on the number of affected customers with planned appointments (c48%).

- 4.8 Our discussions with customers have also allowed us to understand the challenges they are facing with switching from RTS meters. These included missed and incomplete appointment by engineers, and language barriers. We have fed information on where engineers have missed appointments to Scottish Power so they can assess weaknesses in their process and shared information on language requirements, so call back arrangements can be made.

- 4.9 Ofgem, Energy UK and Scottish Power have indicated that a further campaign to encourage switching is being developed. We expect this to initially include more targeted communications with customers and, as switch-off approaches, assumed appointments where teams of engineers 'flood' an area in advance of switch-off. We will look to dovetail our communications, engagement with customers and approach to these plans, as they develop.

## **5. Customer engagement**

- 5.1 We are working with our customers, as set out elsewhere in this report, to encourage switching from an RTS meter.

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

- 6.1 There are no environmental and sustainability implication for us as the change from RTS meters to smart meters is for the energy companies to make.



## **7. Digital transformation alignment**

- 7.1 The move to smart meters is part of a wider agenda towards the use of digital technologies nationally, although there are no direct implications for our digital strategy.

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

- 8.1 The cost of replacing RTS meters is for the energy companies.

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

- 9.1 There are no legal, regulatory or charitable implications associated with this paper.
- 9.2 Legal advice has been taken to ensure that we are meeting our obligations as a landlord, particularly in ensuring our homes are habitable, given the risk that the RTS switch-off presents to tenants' ability to heat their homes. This advice has confirmed that our obligations would be met, provided the issue that is preventing a tenant from having heating and hot water is the inoperability of an RTS meter. The advice also confirms that the action we are taking to encourage our customers to contact their energy providers to replace their RTS meters is reasonable.

## **10. Risk appetite and assessment**

- 10.1 We are committed to delivering an exceptional customer experience. The RTS switch-off presents a risk to this because of the adverse implications for customers, and in particular, their supply of heating. The risk is reflected in our Group risk register which has been adjusted to reflect the reduced likelihood and impact of the RTS switch-off now that a controlled and planned approach is being developed by the energy companies.

## **11. Equalities implications**

- 11.1 We are working with the energy companies to encourage affected customers to switch from a RTS meter to a smart meter. Doing this will help ensure that all customers, including those with particular vulnerabilities are protected from the potential harm that could arise from the RTS switch-off.

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

- 12.1 The planned RTS switch-off has been delayed and a more cautious approach is now being developed, which is expected to see RTS signals continue in an area until only a few customers would be affected by the switch-off. Details of this approach are still being developed, as is the timing but we now expect switch-off in our areas to take many months. For now, we are continuing to engage customers to encourage them to switch to help ensure they are not adversely impacted by the eventual switch-off.

## **13. Recommendations**

- 13.1 The Board is asked to note this update.



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:** 2024/25 Financial Statements

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1 The purpose of this report is to provide the Board with an overview of the 2024/25 financial statements.

### 2. Authorising and strategic context

- 2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes East ("WH East") and the Wheatley Group and our Terms of Reference, we are responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of our finances and the approval of the statutory financial statements.

### 3. Background

#### Financial performance

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

|  | <b>31 March<br/>2025<br/>£000</b> | <b>31 March<br/>2024<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|
| Turnover   | 96,682                            | 61,593                            |
| Operating expenditure                                | (42,211)                          | (38,278)                          |
| Other gains  | 11,940                            | 1,973                             |
| <b>Operating surplus</b>                             | <b>66,411</b>                     | <b>25,288</b>                     |
| Gain on disposal of fixed assets                     | 1,078                             | 590                               |
| Net finance costs                                    | (9,576)                           | (7,936)                           |
| Property revaluation – housing properties            | (15,591)                          | 20,394                            |
| Property revaluation – office properties             | 455                               | (28)                              |
| <b>Surplus for the year</b>                          | <b>42,777</b>                     | <b>38,308</b>                     |
| Actuarial gain/ (loss) in respect of pension schemes | 529                               | (1,265)                           |
| <b>Total comprehensive income for the year</b>       | <b>43,306</b>                     | <b>37,043</b>                     |



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

#### 4. Discussion

##### Adjustments from 31 March management accounts

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

|  | <b>Income &amp;<br/>Expenditure<br/>£000</b> | <b>Net Assets<br/>£000</b> |
|--|--|----------------------------|
| <b>March management accounts</b>       | <b>48,266</b>                                | <b>319,491</b>             |
| Revaluation of Properties - Housing    | (15,591)                                     | (15,591)                   |
| Revaluation of Properties - Office     | 455  | 455                        |
| Revaluation of Properties - Investment | 11,940                                       | 11,940                     |
| SHAPS Pension adjustments              | 373  | 373                        |
| Other                                  | (2,137)                                      | (2,137)                    |
| <b>Statutory accounts</b>              | <b>43,306</b>                                | <b>314,531</b>             |

- 4.1 The statutory results are updated annually for the outcome of the housing stock valuation by JLL and the inclusion of the updated defined benefit pension scheme actuarial valuations for SHAPS.
- 4.2 Revaluation of Properties: Housing, investment and office properties have been revalued at the year-end by Jones Lang Lasalle (“JLL”), the Group’s valuers. The valuation of social housing stock is carried out on an Existing Use for Social Housing (“EUV-SH”) basis. The EUV-SH valuation is assessed by modelling the net cashflows generated from properties using assumptions made by JLL on cost inflation and other costs to manage the properties. More general assumptions are applied by JLL on investment requirements over the stock in the longer term. Having homes which are well maintained and remain in good condition supports future letting and maintains future cashflows from rental income. However, this approach means that the valuation movement does not always reflect the scale of investment in existing homes in any one year.
- 4.3 For 2024/25, the comparison of the net book value of the social housing properties to the EUV-SH valuation results in a downward valuation of £15.6m. The completion of the 312 new build social rent properties during the year (168 social rent completed in 2023/24) is a key driver of the reduction in valuation. Social housing properties are initially recognised on the balance sheet at cost of construction, then are written down to an existing use for social housing valuation on completion. The write-down is, however, offset by the grant received to subsidise their construction, which is also recognised through the income statement.
- 4.4 The investment properties are also re-valued by JLL on an annual basis using the market value subject to tenancy (MV-T) methodology and financial statements recognise a gain on valuation on investment properties of £11.9m for the year to 31 March 2025. An increase of £455k on the revaluation of office properties has also been recognised.



- 4.5 Pension valuation adjustments: The SHAPS defined benefit pension scheme is re-valued on an annual basis by independent actuaries. The 2024/25 valuation resulted in an interest charge on pension obligations of £125k, employee service cost of £31k and an actuarial gain of £529k driven by asset returns over the last 12 months.
- 4.6 The results of the SHAPS triennial valuation carried out as at 30 September 2024 have recently been published. A reduction in the overall size of the Scheme assets and liabilities has been reported with a reduction in the funding level from 98% to 90% and an increase in the Scheme deficit of £27.3m to £79.5m at 30 September 2024. This means a Recovery Plan is required to address the deficit and as such the Trustees have agreed that deficit recovery contributions will restart from 1 April 2026 increasing by 3% each 1 April and will be payable for four years until 31 March 2030. WH East's share of the annual deficit contributions is £398k and will take effect from 1 April 2026. With the deficit contributions now quantified these will be incorporated into the 2026/27 Financial Projections.
- 4.7 Other: adjustments are made for items following a post year-end review of accruals, a review of final interest capitalised, a review of final depreciation charges and gains on fixed asset disposals.

#### *Audit summary*

- 4.8 The external auditors, KPMG have completed their audit of the financial statements and have issued an unqualified audit opinion.
- 4.9 As a standard part of the standard audit process, and in line with previous years, KPMG require the Board of each organisation in the Wheatley Group to sign a "letter of representation" in which the Board confirms certain matters in terms of disclosure and record-keeping. There have been no changes to the representations made in the Letter from the previous year and dates have been updated to reflect the year ended 31 March 2025. As in previous years, a letter from the Chief Executive has been provided to each Board to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper in Appendix 2 and 3 respectively.
- 4.10 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. The assessment that the Association continues in business is based on the preparation and approval of the Association's 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income and the assessment of the availability of funding provided to Wheatley Homes East through the RSL borrower relationship with WFL1.
- 4.11 The accounts and letter of representation will be signed following the approval of the Wheatley Group accounts at the Group Board meeting on 27 August 2025 and the completion of KPMG's compliance checks. A copy of KPMG's audit highlights report is available and uploaded to Admincontrol.

## **5. Customer Engagement**

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

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

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



## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

8.1 Our balance sheet continues to strengthen, with net assets increasing by £43.3m to £314.5m.

8.2 As shown in the table below, the adjusted operating surplus from core social housing activities increased to £21.7m from £20.2m. The rent increase, strong letting performance, quick turnaround of properties when they become vacant and sale of some housing stock have contributed to the increase which provided capacity for investment in our existing homes. After including interest costs and capital expenditure on our existing properties, an underlying surplus of £4.8m is reported demonstrating that operating surplus remains comfortably sufficient to cover all day to day running costs, interest on borrowings and the investment in existing homes to keep them in good condition.

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

|   | <b>2025<br/>£000</b> | <b>2024<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Operating surplus</b>                | <b>66,411</b>        | <b>25,288</b>        |
| Adjusted for:                           |                      |                      |
| Depreciation                            | 15,245               | 14,237               |
| Investment property valuation movements | (11,940)             | (1,973)              |
| New build grant income                  | (45,182)             | (14,852)             |
| Gift aid income                         | (2,837)              | (2,537)              |
| <b>Adjusted operating surplus</b>       | <b>21,697</b>        | <b>20,163</b>        |
| Less:                                   |                      |                      |
| Interest costs                          | (9,576)              | (7,936)              |
| Investment in existing social homes     | (7,356)              | (6,728)              |
| <b>Underlying surplus</b>               | <b>4,765</b>         | <b>5,499</b>         |

## 9. Legal, regulatory and charitable implications

9.1 Under Section 485 of the Companies Act we are required to appoint an auditor for each financial year. Under the Intra-Group Agreement with Wheatley Housing Group we are required to use the Group Auditors. We require to appoint KPMG LLP as the auditors for 2024/25 at the Annual General Meeting. The appointment will be subject to the Group confirming their reappointment at its Annual General Meeting.

9.2 Following approval and signing of the financial statements they require to be submitted to Companies House and the annual return made to the Scottish Housing Regulator.

## 10. Risk Appetite and assessment

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



## **11. Equalities implications**

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

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

12.1 This paper presents an overview of the statutory accounts for the year to 31 March 2025.

## **13. Recommendations**

13.1 The Board is requested to:

- 1) Approve the 2024/25 financial statements;
- 2) Confirm the preparation of the financial statements using the going concern basis;
- 3) Delegate authority to the Chair and Group Director of Finance to approve any non-material changes to the accounts; and
- 4) Approve the letter of representation from the auditors and note the related letter of comfort from management.

### **LIST OF APPENDICES:**

Appendix 1 - Financial statements for the year ended 31 March 2025

Appendix 2 - Letter of representation to KPMG

Appendix 3 - Letter of representation from management





# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

**Wheatley Homes East Limited**

(Co-operative and Community Benefit Society No. 1823R(S))  
(Scottish Housing Regulator Registration No. 116)  
(Scottish Charity No. SC034572)



## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2025.

### Principal Activities

The principal activity of Wheatley Homes East Limited ("WH East", "WHE", "the Association") is the provision and management of affordable rented accommodation. WH East has over 7,750 affordable homes in the east of Scotland.

### OPERATING REVIEW

Customers are at the heart of our decision making and we strive to ensure the services we deliver are clearly aligned with their needs. Overall tenant satisfaction levels of 96% show the success of our commitment to ensuring services reflect our customers' priorities. This year 2024/25 saw customer satisfaction indicators showing positive results with high levels of tenancy sustainment, the building of significant numbers of new homes and a continuation of our enduring commitment to helping customers navigate difficult economic challenges.

We deliver services to our customers through our network of housing officers supported by our 24/7 Customer First Centre (CFC) and our locally based environmental teams. We have a strong neighbourhood focus when delivering services to our customers using our "Think Yes" approach. Our housing officers work in small patch sizes managing between 200 and 250 tenancies which allows them to understand the local issues that affect our customers and their communities and services that are tailored and personalised to each customer's needs and circumstances. Annual tenant visits provided customers further opportunity to engage with us; discuss concerns they may have and helped us ensure our homes are in a good condition.

With the Scottish Government declaring a national housing emergency in May 2024, our commitment to tackling homelessness is an ever more important element of our five-year strategy. We allocated 412 homes to people who were homeless this year marking a contribution to tackling the housing emergency. We have at the same time retained our focus on sustainable communities and our tenancy sustainment figures remained strong at 94.4%, above the Scottish average of 91.2%.

Customer engagement remains at the heart of delivering our services, and more than 300 customers had signed up to our Stronger Voices customer engagement programme by the end of the year providing us with views and feedback on our services.

Building on the success of our 'Book It, Track It, Rate It' app where customers can book a repair online, track progress on the day and provide feedback afterwards, our 24/7 Customer First Centre specialists worked more closely than ever with frontline housing teams to deliver improvements to the repairs service, resolving issues more quickly. In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £21.2m. We also grew the number of affordable homes completing 450 new homes during the year.

Wheatley Foundation, our charitable arm, continued to alleviate the impact of poverty on the people we work for and help them access educational, training and employment opportunities. The Foundation created 216 jobs, training and apprenticeship opportunities for people in our homes and communities over the year, helped 970 customers with benefit claims, and provided 225 households with free furniture through the Home Comforts service.



## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

As we move into the final year of our 2021 to 2026 Your Home, Your Community, Your Future strategy and look to develop our new 2026 to 2031 strategy, we will continue to give people even more of a say on what happens in their communities, ensure our services are aligned with our customers' needs, and find new ways of supporting the people we work for through the challenges which lie ahead.

Here are some of the highlights of the year.

#### **Building new homes**

WH East built 450 new homes over the year, 312 for social rent and 138 for mid-market rent.

Our completed new homes included:

- 23 for social rent at in Tranent, East Lothian;
- 52 for social rent in two phases Deans South in Livingston, West Lothian;
- 25 for social rent at Doctor's Field in Rosewell, Midlothian;
- 33 for social rent at Rowanbank in Edinburgh;
- 25 for social rent at Sibbald's Brae in Rosewell, West Lothian;
- 25 homes (11 for social rent and 14 for mid-market rent) at South Fort Street, Leith;
- 119 mid-market rent homes and 137 social rent homes in three phases at West Craigs; and
- 5 mid-market rent homes and 6 social rent homes at Winchburgh.

We also started work on 23 homes for social rent in South Queensferry, 30 at Bonnyrigg, Midlothian, and another 38 at Deans South.

#### **Investing in our homes**

WH East delivered £7.3m of planned improvements to homes and communities over the year, including:

- £1.3m on structures and roofs including £810k on upgrades to pre-1919 tenements in Edinburgh, benefitting 103 customers;
- £0.5m on energy efficient improvements for 28 homes;
- £0.4m on new boilers and new heating systems for 88 homes in Edinburgh and West Lothian;
- £0.6m on low rise, internal and fire safety works;
- £0.4m on modern, energy efficient windows for 120 homes;
- £0.5m on new bathrooms for 77 homes in Ennis Court and Skibo Court, Edinburgh; and
- £0.4m on new kitchens for 80 homes.

#### **Our repairs service**

WH East carried out 32,705 reactive repairs over the year and a total of £13.9m was spent on planned and reactive maintenance. Our 'Book It, Track It, Rate It' app updates customers when their repair is booked and when the tradesperson is on their way, and also allows them to rate the service. The average rating over the year was 4.4 out of 5.



## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets and aim to inspect reports of damp or mould within two working days and to complete any repairs needed within 15 working days. We grade all reports of damp and mould and the vast majority are mild in nature, with very low numbers of cases where significant mould or damp are present. Over 800 condition surveys using a firm of independent property surveyors combined with in person visits from housing officers were carried out during the year which confirmed that our housing stock is in good condition.

Our average time to complete emergency repairs was 3.8 hours while non-emergency repairs averaged 10 days. The percentage of repairs completed right first time for the year ended 2024/25 was 88%, marginally below our 90% target. We remained 100% compliant with gas safety.

#### **Improving our communities**

Our partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. In 2024/25, more than 98% of WH East neighbourhoods were rated as five-star, the highest possible grade, with the rest working towards that target. A total of 13 WH East customers are now trained in KSB's standards and environmental monitoring and take part in regular estate walkabouts with frontline staff.

We held four 'environmental weeks of action' over the year, working with schools, council partners, community groups, volunteers and Wheatley contractors on litter-picks, recycling, tree planting and more. More than 500 people across Wheatley communities took part.

The Group Scrutiny Panel carried out a thematic review of our environmental services in 2024/25 and developed a report with 12 recommendations, with clarity of information, communication and partnership working as key themes. Our environmental teams are working through their recommendations to implement solutions to help further improve the service.

Our Community Improvement Partnership (CIP), the specialist team of police officers and our Anti-Social Behaviour Prevention and Intervention (ASBIP) officers, continued to support customers affected by anti-social behaviour. At the end of 2024/25, 83% of WH East neighbourhoods were classified as 'peaceful'.

Helping our tenants stay safe from fire has always been our top priority, and the number of accidental fires in Wheatley homes fell by 21% over the year. Wheatley's own fire team carried out 71 person-centered fire risk assessments in our homes, and Scottish Fire and Rescue carried out 118 home fire safety visits. We installed 62 LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays and mail guards to 43 customers; carried out fire-related repairs to 33 homes; installed 24 stove guards in homes; and gave six customers specialised detection systems.



## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

#### **Letting homes**

In addition to allocating 412 homes to those experiencing homelessness, including three through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, we also 'flipped' 22 lets to permanent homes for the people who were homeless living in them.

#### **Engaging with customers**

We continued to engage with our customers as much as possible over the year, both online and in person. A total of 39,163 people used the WH East website in 2024/25, an increase of 9,767 from the year before. Our total number of social media followers was 3,759, up 318 from last year, and we received 98 enquiries from customers on social media.

The number of customers involved in our Stronger Voices programme reached 302 by the end of 2024/25, with 22 focus groups and panel meetings, 61 walkabouts held over the year and 7 WH East customers were involved in the Group scrutiny panel. Feedback from customers informed a number of projects including a new bike store in Parliament Street in Leith, new lights on a pathway at Barracks View in Whitburn and fences painted in Bridgend Court.

#### **Supporting our customers**

More than 36% of WH East customers are now on Universal Credit, an increase of 7% from last year. Our team of welfare benefits advisors support customers with benefit claims helping 970 WH East customers this year, resulting in £2.9m of financial gain. Likewise our team of fuel advisors helped over 220 people.

Wheatley Foundation worked hard this year to help people in financial hardship, with 1,964 instances of support to help alleviate the effects of poverty on Wheatley Homes East customers and communities. As well as this, we:

- gave 225 households free upcycled furniture through Home Comforts;
- helped 94 new tenants with household budgeting, running a home and settling into their community through My Great Start;
- provided starter packs for 49 tenants who needed support moving into their home;
- created 216 jobs, training and apprenticeship opportunities for people in our homes and communities;
- provided recycled digital devices for 25 tenants through our Techshare initiative;
- awarded three people from our homes a bursary to go to college or university;
- delivered food packs to four families; and
- provided free books every month to 117 children under five through the Dolly Parton Imagination Library initiative.

#### **Independent auditor**

A resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.



## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW**

An operating surplus of £66.4m (2024: £25.3m) was generated in the year. The movement in the operating surplus is driven by the increase in grant income recognised in relation to new build properties, the change in the revaluation of our mid-market and commercial rental properties reported in other gains and losses and an increase in the surplus from core operations.

Before taking account of other gains and losses and the timing of grant income recognised on new build completions, an operating surplus was generated from core operations of £9.3m (2024: £8.4m). The increase of £0.9m in 2024/25 underlying operating surplus is driven by our rent increase and strong letting performance and quick turnaround of properties when they become vacant generating an increase in income from our rents and service charges.

Non-cash items reported within operating surplus are:

- In other gains and losses a gain of £11.9m (2024: gain of £2.0m) on the revaluation of mid-market and commercial rental properties. Housing for mid-market and commercial properties are valued on an open market value subject to tenancies basis. On completion of new build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the associated grant income on these new completions to be recognised through profit or loss under the performance model and when the valuation is compared against gross development cost, this results in a non-cash accounting gain of £11.9m (2024: gain of £2.0m) being reported in operating surplus.
- Grant income recognised on the completion of new build properties is £45.2m compared to £14.9m in the prior year, an increase of £30.3m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised can vary from year-to-year dependant on the timing and size of the new build programme. A total of 450 new homes completed in 2024/25 compared to 197 new homes in 2023/24.

Turnover recognised in the Statement of Comprehensive Income for the year was £96.7m (2024: £61.6m). Of this £41.5m (2024: £37.7m) was generated through rental and service charge income, net of void losses. The remainder included:

- Grant income recognised on the completion of new build properties, grant received from the Social Housing Net Zero fund to deliver energy efficiency improvements in homes and grant for medical adaptations totalling £45.9m (2024: £15.3m)
- £3.7m of investment property income from the letting of mid-market homes and commercial units (2024: £3.0m) which has increased due to the growth in the portfolio of mid-market rent properties following the completion of 138 new properties in the year
- Within other income, £2.0m income at our workshop, providing repairs and investment services to other Wheatley Group subsidiaries (2024: £1.4m) and £2.8m Gift aid income received from Wheatley Development Scotland (2024: £2.5m)



## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

#### **Expenditure**

Operating costs for the year amounted to £42.2m (2024: £38.3m), comprising the following main items:

- Letting activity management and administration costs of £6.8m (2024: £5.9m)
- Service costs of £2.8m (2024: £2.6m)
- Planned repair and reactive maintenance costs totalling £13.9m (2024: £12.8m)
- Total depreciation costs of £15.2m (2024: £14.2m)
- Costs associated with our wider role in supporting communities of £0.4m (2024: £0.8m), including donations to The Wheatley Foundation of £213k (2024 £380k) to provide continued support to our customers
- Costs attributable to the provision of repairs and investment services to external and other Group subsidiaries of £2.0m (2024: £1.1m)

Other expenditure in the year includes £9.6m of interest (2024: £8.0m) which is mainly interest on intra group loans which are used to fund the development of new build housing. The increase in the year reflects the increased borrowing to fund the development of new build housing.

Total comprehensive income for the year was £43.3m (2024: £37.0m) which includes a loss in the valuation of social housing properties of £15.6m (2024: gain of £20.4m). Social rent properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") with the grant income recognised using the performance model and released to the Statement of Comprehensive Income on completion of the properties. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost, with the valuation reported after the operating surplus. The Existing Use for Social Housing Valuation methodology ("EUV-SH") will not always reflect the scale of capital investment spend in the year.

#### **Cashflows**

The cash flow statement is shown on page 20. WH East continued to deliver strong levels of cash with £23.8m generating from operating activities (2024: £24.8m). At 31 March 2025, cash and cash equivalents were £1.9m; a reduction of £0.6m in the year. This is after the investment in the year of £7.4m in existing social housing properties, an increase of £0.6m from 2024/25 and a further £73.6m in new build development.

#### **Liquidity**

WH East reported net current liabilities as at 31 March 2025 of £49.0m (2024 £23.2m). The movement is due to an increase in deferred grant income to be released in less than one year with 345 units expected to complete in 2025/26. Loan arrangements are in place which provide sufficient capacity along with £1.9m cash balances at the year end to allow WH East to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

#### **Capital structure and treasury**

WH East's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Ltd ("WFL1"), as detailed in note 20. WHE currently has access to an intra-group facility of £245.9m (2024: £189m) which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.



## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

#### **Investment in tenants' homes**

During the year we invested £7.4m in improving tenant's homes (2024: £6.8m). At the year-end our social housing stock, including housing under construction, was valued at £542.9m (2024: £522.5m).

#### **New Build**

During the financial year we completed 450 new build properties. Our new build programme invested £73.6m in the year. The Business Plan includes a further projected spend of £147.0m on the new build programme over the next five years.

#### **Reserves Policy**

Under the Statement of Recommended (Accounting) Practice ("SORP") 2018 and Financial Reporting Standard ("FRS") 102, the Association may operate with up to three principal reserves; a revenue reserve, a revaluation reserve and a pension reserve.

#### Revenue reserve

Revenue reserve includes historic grant received in respect of the following:

- new build housing properties.
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes.

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Association's Statement of Financial Position. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Association's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Association's charitable purpose.

The revenue reserve may include revaluation gains on investment properties, such as any mid-market rent homes which are owned by the Association. Under FRS 102, gains or losses on investment properties must be taken to profit and loss and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in any mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

The residual amount of revenue reserve, not represented by grant or gains on investment properties, may be invested by the Association in line with its 30-year business plan financial projections. Such investment is subject to the Association maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Association's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.



## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

#### Revaluation reserve

The revaluation reserve represents, to the extent applicable, the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment property). This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Association's core charitable purpose.

#### **Principal risks facing the Association**

The Board are responsible for assessing the risks facing WH East. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Wheatley Group and can be seen in the consolidated financial statements of the Wheatley Group.

By order of the Board

**Alastair Murray, Chair**  
September 2025

8 New Mart Road  
Edinburgh  
EH14 1RL



## **DIRECTORS' REPORT (continued)**

### **WHEATLEY HOMES EAST BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS**

As at 31 March 2025 Wheatley Homes East's Rules allowed for the appointment of up to 12 Board members. With the exception of the Parent Appointee (if appointed), Board members are elected at the annual general meeting from the membership of the Association and retire by rotation every three years. Any member of the Association is entitled to stand for membership of the Board.

At 31 March 2025, there were 11 members (2024: 11 members) of the Wheatley Homes East Board: The members of the Board during the year are listed below:

| <b>Name</b>             | <b>First Joined Board</b> | <b>Re-elected/<br/>re-appointed</b> | <b>Left Board</b> | <b>Committees/Group Directorships during the year</b>                         |
|-------------------------|---------------------------|-------------------------------------|-------------------|---|
| Alastair Murray (Chair) | 17 September 2020         | 21 September 2023                   | -                 | Wheatley Group Board<br>West Lothian Housing Partnership Limited              |
| Anne McGovern *         | 9 February 2017           | 21 September 2023                   | -                 | -   |
| Heather Macnaughton     | 23 March 2023             | 21 September 2023                   | -                 | Wheatley Homes South:<br>(resigned 29 March 2023)<br>Wheatley Solutions Board |
| Helen Howden            | 17 September 2020         | 21 September 2023                   | -                 | Wheatley Foundation Limited   |
| Jack Cadell             | 29 November 2018          | 29 November 2024                    | -                 | Wheatley Developments Scotland Limited  |
| Jane Menzies*           | 23 December 2020          | 23 December 2023                    | 26 June 2024      | -   |
| Judith MacGlashan*      | 22 September 2022         | -                                   | -                 | West Lothian Housing Partnership Limited                                      |
| Ruth Kynoch             | 19 December 2017          | 19 December 2023                    | -                 | Wheatley Foundation Limited   |
| Mark Keane*             | 28 November 2019          | 28 November 2022                    | 13 May 2024       | -   |
| Martin Dorby            | 21 September 2023         | -                                   | 29 May 2024       | Wheatley Homes South<br>(from 29 May 2024)                                    |
| Fiona Burden            | 21 May 2024               | -                                   | -                 | Wheatley Homes South<br>(resigned 21 May 2024)                                |
| Pamela Paton*           | 19 September 2024         | -                                   | -                 |   |
| Kenneth Melville        | 28 November 2024          | -                                   | -                 |   |
| Michelle Meldrum        | 28 November 2024          | -                                   | -                 |   |

\* is / has been a tenant of the Association



## **DIRECTORS' REPORT (continued)**

### **Creditor payment policy**

Wheatley Homes East agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

### **Disclosure of information to auditor**

The Board members who held office at the date of approval of these statements confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

## **DIRECTORS' STATEMENT ON INTERNAL CONTROLS**

The Directors acknowledge their responsibility for ensuring that the Association has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information within the Association, or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.



## **DIRECTORS' REPORT (continued)**

### **STATEMENT OF BOARD'S RESPONSIBILITIES FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, and the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Alastair Murray, Chair  
September 2025

8 New Mart Road  
Edinburgh  
EH14 1RL



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES EAST LIMITED AND THE TRUSTEES OF WHEATLEY HOMES EAST LIMITED**

### **Opinion**

We have audited the financial statements of Wheatley Homes East Limited ("the Association") for the year ended 31 March 2025 which comprise the Association's Statement of Comprehensive Income, the Association's Statement of Changes in Reserves, the Association's Statement of Financial Position and the Association's Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2025 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

We have been appointed as auditor under section 44 (1)( c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Association will continue in operation.



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES EAST LIMITED AND THE TRUSTEES OF WHEATLEY HOMES EAST LIMITED**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and management as to the Association’s high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to indications of fraud throughout the audit.

As required by auditing standards, taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Association-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the assumptions used in pension and property valuations.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulation throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related registered social landlord legislation and charities legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES EAST LIMITED AND THE TRUSTEES OF WHEATLEY HOMES EAST LIMITED**

Whilst the Association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The Association's Board is responsible for the other information, which comprises the Directors' Report, and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 11 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit or
- in our opinion, the information given in the Director's Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

### **Matters on which we are required to report by exception**

Under the Co-operative and Community Benefit Societies Act 2014 and the Charities (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES EAST LIMITED AND THE TRUSTEES OF WHEATLEY HOMES EAST LIMITED**

In addition, under the Co-operative and Community Benefit Societies Act 2014 we are required to report if, in our opinion, the Association has not maintained a satisfactory system of control over its transactions.

We have nothing to report in this respect.

### **Board's responsibilities**

As explained more fully in their statement set out on page 12 the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010, and to the Association's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association and its Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and its Trustees, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*KPMG LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006*

319 St Vincent Street

Glasgow

G2 5AS

September 2025



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2025**

|  | Notes | 2025<br>£'000 | 2024<br>£'000  |
|--|-------|---------------|----------------|
| Turnover   | 3     | 96,682        | 61,593         |
| Operating expenditure                                    | 3     | (42,211)      | (38,278)       |
| Other gains  | 3     | 11,940        | 1,973          |
| Operating surplus  |       | <u>66,411</u> | <u>25,288</u>  |
| Gain on disposal of fixed assets                         | 9     | 1,078         | 590            |
| Finance income   | 10    | 25            | 39             |
| Finance charges  | 11    | (9,601)       | (7,975)        |
| (Decrease) / increase in valuation of housing properties |       | (15,591)      | 20,394         |
| Increase / (decrease) in valuation of other fixed assets |       | <u>455</u>    | <u>(28)</u>    |
| Surplus for the financial year                           |       | 42,777        | 38,308         |
| Actuarial gain / (loss) in respect of pension schemes    | 23    | <u>529</u>    | <u>(1,265)</u> |
| Total comprehensive income for the year                  |       | <u>43,306</u> | <u>37,043</u>  |

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.



## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2025

|                            | <b>Revenue<br/>Reserve<br/>£'000</b> |
|----------------------------|--------------------------------------|
| Balance at 1 April 2023    | 234,182                              |
| Total comprehensive income | 37,043                               |
| Balance at 1 April 2024    | <u>271,225</u>                       |
| Total comprehensive income | 43,306                               |
| Balance at 31 March 2025   | <u>314,531</u>                       |

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.



## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

|  | <i>Notes</i> | <b>2025</b><br><b>£'000</b> | <b>2024</b><br><b>£'000</b> |
|--|--------------|-----------------------------|-----------------------------|
| <b>Fixed assets</b>  |              |                             |                             |
| Social housing properties                                      | 14           | 542,889                     | 522,539                     |
| Other tangible fixed assets                                    | 15           | 11,284                      | 10,421                      |
| Investment properties  | 16           | 85,304                      | 43,704                      |
|  |              | <u>639,477</u>              | <u>576,664</u>              |
| <b>Current assets</b>  |              |                             |                             |
| Stock  | 17           | 1,378                       | 1,029                       |
| Trade and other debtors  | 18           | 8,435                       | 6,892                       |
| Cash and cash equivalents                                      |              | 1,907                       | 2,482                       |
|  |              | <u>11,720</u>               | <u>10,403</u>               |
| <b>Creditors:</b> amounts falling due within one year          | 19           | (60,753)                    | (33,633)                    |
| <b>Net current liabilities</b>                                 |              | <u>(49,033)</u>             | <u>(23,230)</u>             |
| <b>Total assets less current liabilities</b>                   |              | 590,444                     | 553,434                     |
| <b>Creditors:</b> amounts falling due after more than one year | 20           | (273,707)                   | (279,599)                   |
|  |              | <u>316,737</u>              | <u>273,835</u>              |
| <b>Provisions for liabilities</b>                              |              |                             |                             |
| Pension liability  | 23           | (2,206)                     | (2,610)                     |
| <b>Total net assets</b>  |              | <u>314,531</u>              | <u>271,225</u>              |
| <b>Reserves</b>  |              |                             |                             |
| Share capital  | 22           | -                           | -                           |
| Revenue reserve  |              | 314,531                     | 271,225                     |
| <b>Total reserves</b>  |              | <u>314,531</u>              | <u>271,225</u>              |

These financial statements were approved by the Board on 21<sup>st</sup> August 2025 and were signed on its behalf on September 2025 by:

Alastair Murray  
Chair

Kenneth Melville  
Board Member

Anthony Allison  
Secretary

The notes on pages 21 to 43 form part of these financial statements.

Charity registration number SC034572.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

|   | <i>Notes</i> | <b>2025</b><br><b>£'000</b> | <b>2024</b><br><b>£'000</b> |
|---|--------------|-----------------------------|-----------------------------|
| <b>Net cash generated from operating activities</b> | 25           | 23,763                      | 24,797                      |
| <b>Cash flow from investing activities</b>          |              |                             |                             |
| Improvement of properties – housing stock           |              | (7,363)                     | (6,797)                     |
| New build expenditure                               |              | (72,082)                    | (69,387)                    |
| Purchase of other fixed assets                      | 15           | (1,548)                     | (954)                       |
| Proceeds from disposal of properties                | 9            | 2,342                       | 1,564                       |
| Grants received                                     | 20           | 22,223                      | 39,887                      |
| Finance income                                      | 10           | 25                          | 39                          |
|   |              | <u>(56,403)</u>             | <u>(35,648)</u>             |
| <b>Cash flow from financing activities</b>          |              |                             |                             |
| Finance charges                                     |              | (10,435)                    | (8,733)                     |
| Financing draw down                                 |              | 55,750                      | 25,500                      |
| Repayment of loan                                   |              | <u>(13,250)</u>             | <u>(6,000)</u>              |
|   |              | 32,065                      | 10,767                      |
| <b>Net change in cash and cash equivalents</b>      |              | (575)                       | (84)                        |
| <b>Cash and cash equivalents at 1 April</b>         |              | 2,482                       | 2,566                       |
| <b>Cash and cash equivalents at 31 March</b>        |              | <u>1,907</u>                | <u>2,482</u>                |

The notes on pages 21 to 43 form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 1. Legal status

Wheatley Homes East Limited ("WHE", "WH East" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG" or "the Group"). WHE is registered under the Co-operative and Community Benefit Societies Act 2014 No.1823R(S) and is a registered Scottish charity No.SC034572. WHE is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Association is the provision of social housing. Wheatley Homes East is a Public Benefit Entity. The registered office is 8 New Mart Road, Edinburgh, EH14 1RL.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2025, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Group and Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2025 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group and Association budgets for 2025/26 and the Group and Association's financial position as forecast in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of the profile of repairs and maintenance expenditure including the effect of inflation and increased demand;



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

- Investment in existing homes– forecast expenditure has been remodelled to take account of additional investment spend to deliver future energy efficiency improvements;
- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build;
- Liquidity – current available cash of £1.9m and access to undrawn loan facilities arranged through WFL1 of £324.4m, which are available to WHE and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Association's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Group and the Association has sufficient funding in place and expect the Group and Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

#### Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds; and
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

#### Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)**

### **2. Accounting policies (continued)**

#### **Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income.

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met.

#### **Grant income**

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position.

#### **Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

#### **Supported housing and shared ownership**

Expenditure on housing accommodation, supported housing and shared ownership is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

#### **Financial instruments**

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic financial instruments, under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

#### **Deposits and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

#### **Pensions**

WHE previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 April 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

In accordance with FRS 102, the WHE's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. WHE's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

Since the closure of the SHAPs Defined Benefit Pension Scheme, new members are enrolled in a defined contribution scheme administered by Aviva.

#### Fixed assets – housing properties

In accordance with the Housing SORP 2018, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

##### • Valuation of Social Housing Stock

Social housing properties are valued annually on an Existing Use Value for Social Housing ("EUUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that results in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

##### • Depreciation and impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

|                                   | <u>Economic Life</u> |
|-----------------------------------|----------------------|
| Land                              | n/a                  |
| Structure & roofs                 | 50 yrs               |
| Bathroom                          | 25 yrs               |
| External environment              | 20 yrs               |
| External wall finishes            | 35 yrs               |
| Heating system boiler             | 12 yrs               |
| Internal works & common areas     | 20 yrs               |
| Kitchen                           | 20 yrs               |
| Mechanical, electrical & plumbing | 25 yrs               |
| Windows and doors                 | 30 yrs               |

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

#### • New build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

#### • Non-social housing properties

Mid-market rent properties are valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Mid-market rent properties owned by the Association are currently leased to and managed by Lowther Homes Limited on arms' length commercial terms.

Commercial properties are held as investment properties and not subject to depreciation. They are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

#### New Build Grant and other capital grants

New Build Grant is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

New Build Grant is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work carried out under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied; at that point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

#### Shared ownership

Shared ownership properties are split between fixed assets and current assets. The allocation is determined by the percentage of the property to be sold under a first tranche disposal which is recorded as a current asset under Stock. The balance is recorded as social housing stock within fixed assets. Proceeds from a first tranche disposal are recorded as turnover, and costs through operating expenditure in the Statement of Comprehensive Income. Subsequent disposals are treated as a disposal of a fixed asset and are recorded through gain/loss on disposal of fixed assets.

#### Other tangible fixed assets

For other tangible fixed assets with the exception of office premises, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

|   | <u>Economic Life</u> |
|---|----------------------|
| Furniture, fittings and office equipment (cost) | 5 – 10 yrs           |
| Office improvements (cost)                      | 10 yrs               |
| Computer equipment (cost)                       | 3 - 5 yrs            |
| Plant & Machinery (cost)                        | 5 yrs                |
| District heating scheme (cost)                  | 30 yrs               |
| Solar panels (cost)                             | 25 yrs               |
| Office premises (valuation)                     | 40 yrs               |

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at each reporting date.

#### Provisions

WHE only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

#### Taxation

WHE is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly WHE is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 2. Accounting policies (continued)

#### Value Added Tax

WHE is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT.

### 3. Particulars of turnover, operating costs and operating surplus

|   | Turnover | 2025<br>Operating<br>costs | Other<br>gains/<br>(losses) | Operating<br>Surplus | 2024<br>Operating<br>Surplus |
|---|----------|----------------------------|-----------------------------|----------------------|------------------------------|
|   | £'000    | £'000                      | £'000                       | £'000                | £'000                        |
| Affordable letting activities (note 4)  | 87,721   | (37,995)                   | -                           | 49,726               | 18,517                       |
| Other activities (note 5)               | 8,961    | (4,216)                    | -                           | 4,745                | 4,798                        |
| Gain on investment properties (note 16) | -        | -                          | 11,940                      | 11,940               | 1,973                        |
| Total                                   | 96,682   | (42,211)                   | 11,940                      | 66,411               | 25,288                       |
| Total for previous reporting period     | 61,593   | (38,278)                   | 1,973                       | 25,288               |                              |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 4. Particulars of turnover, operating costs and operating surplus from social letting activities

|   | General<br>Needs<br>£'000 | Supported<br>Housing<br>£'000 | Shared<br>Ownership<br>£'000 | 2025<br>Total<br>£'000 | 2024<br>Total<br>£'000 |
|---|---------------------------|-------------------------------|------------------------------|------------------------|------------------------|
| Rent receivable net of service charges  | 35,677                    | 2,596                         | 1,085                        | 39,358                 | 35,776                 |
| Service charges   | 1,743                     | 538                           | 375                          | 2,656                  | 2,552                  |
| <b>Gross income from rents and service charges</b>  | <b>37,420</b>             | <b>3,134</b>                  | <b>1,460</b>                 | <b>42,014</b>          | <b>38,328</b>          |
| Less rent losses from voids   | (448)                     | (104)                         | -                            | (552)                  | (622)                  |
| <b>Net income from rents and service charges</b>  | <b>36,972</b>             | <b>3,030</b>                  | <b>1,460</b>                 | <b>41,462</b>          | <b>37,706</b>          |
| Grants released from deferred income – new build  | 45,182                    | -                             | -                            | 45,182                 | 14,852                 |
| Other Revenue Grants  | 684                       | 393                           | -                            | 1,077                  | 900                    |
| <b>Total turnover from affordable letting activities</b>  | <b>82,838</b>             | <b>3,423</b>                  | <b>1,460</b>                 | <b>87,721</b>          | <b>53,458</b>          |
| Management and maintenance administration costs   | (5,066)                   | (1,451)                       | (308)                        | (6,825)                | (5,935)                |
| Service costs   | (2,537)                   | (137)                         | (127)                        | (2,801)                | (2,649)                |
| Planned and cyclical maintenance including major repairs costs                                  | (4,510)                   | (252)                         | (225)                        | (4,987)                | (4,717)                |
| Reactive maintenance costs  | (8,041)                   | (457)                         | (402)                        | (8,900)                | (8,036)                |
| Bad debts – rents and service charges   | (342)                     | (18)                          | (17)                         | (377)                  | (264)                  |
| Depreciation of affordable let properties   | (13,012)                  | (688)                         | (405)                        | (14,105)               | (13,340)               |
| <b>Operating costs for affordable letting activities</b>  | <b>(33,508)</b>           | <b>(3,003)</b>                | <b>(1,484)</b>               | <b>(37,995)</b>        | <b>(34,941)</b>        |
| <b>Operating surplus/(deficit) for affordable letting activities</b>                            | <b>49,330</b>             | <b>420</b>                    | <b>(24)</b>                  | <b>49,726</b>          | <b>18,517</b>          |
| Operating surplus/(deficit) for affordable letting activities for the previous reporting period | 18,210                    | 367                           | (60)                         | 18,517                 |                        |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 5. Particulars of turnover, operating costs and operating surplus from other activities

|   | Grants<br>From<br>Scottish<br>Ministers<br>£'000 | Other<br>Revenue<br>£'000 | Total<br>Turnover<br>£'000 | Total<br>Operating<br>Costs<br>£'000 | 2025<br>Operating<br>Surplus<br>/(Deficit)<br>£'000 | 2024<br>Operating<br>Surplus<br>/(Deficit)<br>£'000 |
|---|--|---------------------------|----------------------------|--------------------------------------|---|---|
| Wider role activities to support the community                | -  | -                         | -                          | (369)                                | (369)   | (593)   |
| Investment property activities                                | -  | 3,727                     | 3,727                      | -                                    | 3,727   | 2,980   |
| Other income  | -  | 5,234                     | 5,234                      | (2,589)                              | 2,645   | 3,308   |
| Depreciation – Non Social Housing                             | -  | -                         | -                          | (1,140)                              | (1,140)   | (897)   |
| Development & Constructions of Property Activities            | -  | -                         | -                          | (118)                                | (118)   | -   |
| <b>Total from other activities</b>                            | -  | 8,961                     | 8,961                      | (4,216)                              | 4,745   | 4,798   |
| Total from other activities for the previous reporting period | -  | 8,135                     | 8,135                      | (3,337)                              | 4,798   |   |

### 6. Board members' emoluments

Board members received £198 (2024: £612) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

### 7. Employees- Key Management Emoluments

Key management personnel are employed by another Wheatley Group subsidiary and perform an executive management role across all subsidiaries in the Wheatley Group. The total emoluments payable to Wheatley Group key management personnel are disclosed in the Wheatley Housing Group consolidated financial statements. The Company pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 7. Employees - Key Management Emoluments (continued)

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| Aggregate emoluments payable to key management<br>(excluding pension contributions) | 91            | 92            |

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

|   |   |   |
|---|---|---|
| More than £nil but not more than £10,000    | 1 | 1 |
| More than £10,000 but not more than £20,000 | 5 | 5 |

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2025. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £6k (2024: £17k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025.

There were six senior officers in post at 31 March 2025.

|                  |   |
|------------------|---|
| Steven Henderson | Group Chief Executive                               |
| Alan Glasgow     | Group Director of Housing                           |
| Laura Pluck      | Group Director of Communities                       |
| Pauline Turnock  | Group Director of Finance                           |
| Anthony Allison  | Group Director of Governance and Business Solutions |
| Frank McCafferty | Group Director of Assets and Development            |

### 8. Employees

|   | 2025<br>No. | 2024<br>No. |
|---|-------------|-------------|
| The average monthly number of full time equivalent persons employed during the year was | 229         | 222         |
| The average total number of employees employed during the year was                      | 270         | 263         |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 8. Employees (continued)

|                                     | 2025          | 2024          |
|-------------------------------------|---------------|---------------|
|                                     | £'000         | £'000         |
| Staff costs (for the above persons) |               |               |
| Wages and salaries                  | 10,631        | 9,780         |
| Social security costs               | 1,067         | 1,007         |
| Employer's pension costs            | 726           | 575           |
| FRS 102 pension adjustment          | 31            | 30            |
|                                     | <u>12,455</u> | <u>11,392</u> |

In addition to the above staff costs the Association incurred agency staff costs of £180k during the year (2024: £242k).

### 9. Gain on disposal of fixed assets

Gain on disposal in the year includes net income from the sale of 17 social rent properties, 2 shared ownership properties and 2 properties held for mid-market rent.

|                                      | 2025         | 2024       |
|--------------------------------------|--------------|------------|
|                                      | £'000        | £'000      |
| Proceeds from disposal of properties | 2,342        | 1,564      |
| Value of properties disposed         | (1,264)      | (974)      |
| Gain on sale of fixed assets         | <u>1,078</u> | <u>590</u> |

### 10. Finance income

|                           | 2025      | 2024      |
|---------------------------|-----------|-----------|
|                           | £'000     | £'000     |
| Interest on bank deposits | 25        | 39        |
|                           | <u>25</u> | <u>39</u> |

### 11. Finance charges

|  | 2025         | 2024         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Interest on bank borrowings                        | 763          | 745          |
| Interest on intra group loans                      | 8,630        | 7,083        |
| Net interest charge on pension liability (note 23) | 125          | 61           |
| Other financing costs                              | 83           | 86           |
|  | <u>9,601</u> | <u>7,975</u> |

Other financing costs include the amortisation of transaction costs of the Association's funding arrangements.

### 12. Auditor's remuneration

|  | 2025      | 2024      |
|--|-----------|-----------|
|  | £'000     | £'000     |
| The remuneration of the auditor (excluding VAT) is as follows: |           |           |
| Audit of these financial statements                            | <u>85</u> | <u>85</u> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 13. Financial commitments

#### Capital commitments

All capital commitments of the Association were as follows:

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Expenditure contracted for, but not provided in the financial statements | 25,890        | 55,071        |
| Expenditure authorised by the Board, but not contracted                  | 3,450         | 27,453        |
|  | <u>29,340</u> | <u>82,524</u> |

Capital commitments are funded through a combination of grant received in relation to our new build programme, operating surplus generated by the Association, and private funding.

#### Operating leases

At 31 March 2025 total commitments under non-cancellable operating leases are as follows:

|  | 2025<br>£'000<br>Land and<br>Buildings | 2025<br>£000<br>Other | 2024<br>£'000<br>Land and<br>Buildings | 2024<br>£000<br>Other |
|--|--|-----------------------|--|-----------------------|
| Commitments falling due:               |  |                       |  |                       |
| Within one year                        | 37                                     | 663                   | 18                                     | -                     |
| In the second to fifth years inclusive | 41                                     | 642                   | 72                                     | -                     |
| Over five years                        | -                                      | -                     | 14                                     | -                     |
|  | <u>78</u>                              | <u>1,305</u>          | <u>104</u>                             | <u>-</u>              |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 14. Tangible fixed assets

#### Social Housing Properties

|                                   | General<br>needs<br>£'000 | Shared<br>ownership<br>£'000 | Housing under<br>construction<br>£'000 | Total<br>£'000 |
|-----------------------------------|---------------------------|------------------------------|--|----------------|
| <b>Valuation</b>                  |                           |                              |  |                |
| At 1 April 2024                   | 407,070                   | 19,830                       | 95,639                                 | 522,539        |
| Additions                         | 7,351                     | 5                            | 73,607                                 | 80,963         |
| Transfers                         | 67,203                    | -                            | (97,052)                               | (29,849)       |
| Disposals                         | (933)                     | (161)                        | -                                      | (1,094)        |
| Revaluation                       | (26,475)                  | (3,195)                      | -                                      | (29,670)       |
| At 31 March 2025                  | 454,216                   | 16,479                       | 72,194                                 | 542,889        |
| <b>Accumulated Depreciation</b>   |                           |                              |  |                |
| At 1 April 2024                   | -                         | -                            | -                                      | -              |
| Charge for year                   | 13,700                    | 405                          | -                                      | 14,105         |
| Disposals                         | (23)                      | (3)                          | -                                      | (26)           |
| Revaluation                       | (13,677)                  | (402)                        | -                                      | (14,079)       |
| At 31 March 2025                  | -                         | -                            | -                                      | -              |
| <b>Net Book Value – Valuation</b> |                           |                              |  |                |
| At 31 March 2025                  | 454,216                   | 16,479                       | 72,194                                 | 542,889        |
| At 31 March 2024                  | 407,070                   | 19,830                       | 95,639                                 | 522,539        |
| <b>Net Book Value – Cost</b>      |                           |                              |  |                |
| At 31 March 2025                  | 524,062                   | 17,210                       | 72,194                                 | 613,466        |
| At 31 March 2024                  | 464,118                   | 17,768                       | 95,639                                 | 577,525        |

Total expenditure on repairs and capital improvements in the year on social housing properties was £21,243k (2024: £19,481k). Of this, repair costs of £13,887k (2024: £12,753k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £7,356k (2024: £6,728k) shown as additions to social housing properties on the Statement of Financial Position. Additions to social housing properties in the year of £7,356k (2024: £6,728k) in the year include:

- £4,072k for component additions including:
  - £426k on heating system boilers & heating
  - £629k for low rise works, internal works, common areas & fire safety;
  - £1,286k on structure and roofs;
  - £468k SHNZ works;
  - £407k on windows and doors;
  - £462k on bathrooms; and
  - £394k on kitchens;
- The remaining balance of £3,284k of additions to existing properties not associated with a specific component includes £1,258k on void improvements, £1,800k on capitalised repairs, and £226k of medical adaptations.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 14. Tangible fixed assets (continued)

Additions to housing under construction include capitalised interest costs of £1.5m (2024: £1.4m). Interest has been capitalised at the weighted average interest cost for the association of 4.84% (2024: 4.64%).

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2025 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.50 – 7.00% have been used depending on the property archetype (2024: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.5% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2025 is shown below:

|                       | <b>2025</b> | <b>2024</b> |
|-----------------------|-------------|-------------|
|                       | <b>No.</b>  | <b>No.</b>  |
| <b>Social Housing</b> |             |             |
| General needs         | 6,582       | 6,277       |
| Shared ownership      | 328         | 330         |
| Supported housing     | 348         | 358         |
| Total Units           | 7,258       | 6,965       |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 15. Other tangible fixed assets

|                                 | Office<br>premises<br>£'000 | Office<br>improvements<br>£'000 | Other fixed<br>assets<br>£'000 | Total<br>£'000 |
|---------------------------------|-----------------------------|---------------------------------|--------------------------------|----------------|
| <b>Cost or Valuation</b>        |                             |                                 |                                |                |
| At 1 April 2024                 | 4,788                       | 9,771                           | 1,822                          | 16,381         |
| Additions                       | -                           | 179                             | 1,369                          | 1,548          |
| Revaluation                     | 335                         | -                               | -                              | 335            |
| At 31 March 2025                | 5,123                       | 9,950                           | 3,191                          | 18,264         |
| <b>Accumulated Depreciation</b> |                             |                                 |                                |                |
| At 1 April 2024                 | -                           | 4,152                           | 1,808                          | 5,960          |
| Charge for year                 | 120                         | 766                             | 254                            | 1,140          |
| Revaluation                     | (120)                       | -                               | -                              | (120)          |
| At 31 March 2025                | -                           | 4,918                           | 2,062                          | 6,980          |
| <b>Net Book Value</b>           |                             |                                 |                                |                |
| At 31 March 2025                | 5,123                       | 5,032                           | 1,129                          | 11,284         |
| At 31 March 2024                | 4,788                       | 5,619                           | 14                             | 10,421         |

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025 in accordance with the appraisal and valuation manual of the RICS.

### 16. Investments

#### Investment Properties

|   | Properties<br>held for mid-<br>market rent<br>£'000 | Commercial<br>properties<br>£'000 | Total<br>£'000 |
|---|---|-----------------------------------|----------------|
| <b>Valuation</b>                          |   |                                   |                |
| At 1 April 2024                           | 42,059  | 1,645                             | 43,704         |
| Additions                                 | 7   | -                                 | 7              |
| Disposals                                 | (196)   | -                                 | (196)          |
| Transfers                                 | 29,849  | -                                 | 29,849         |
| Revaluation taken to operating<br>surplus | 11,856  | 84                                | 11,940         |
| At 31 March 2025                          | 83,575  | 1,729                             | 85,304         |
| <b>Net Book Value</b>                     |   |                                   |                |
| At 31 March 2025                          | 83,575  | 1,729                             | 85,304         |
| At 31 March 2024                          | 42,059  | 1,645                             | 43,704         |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 16. Investments (continued)

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025.

The number of properties held for market rent by the Association at 31 March 2025 was:

|                                   | <b>2025</b><br><b>No.</b> | <b>2024</b><br><b>No.</b> |
|-----------------------------------|---------------------------|---------------------------|
| <b>Mid-market rent properties</b> |                           |                           |
| Total Units                       | 538                       | 402                       |

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025 in accordance with the appraisal and valuation manual of the RICS.

### 17. Stock

|                            | <b>2025</b><br><b>£'000</b> | <b>2024</b><br><b>£'000</b> |
|----------------------------|-----------------------------|-----------------------------|
| Stock at maintenance depot | 1,378                       | 1,029                       |
|                            | <u>1,378</u>                | <u>1,029</u>                |

### 18. Debtors

|   | <b>2025</b><br><b>£'000</b> | <b>2024</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| <b>Due within one year:</b>                                       |                             |                             |
| Arrears of rent and service charges                               | 1,836                       | 1,509                       |
| Adjustment to discount arrears balances with payment plans to NPV | (15)                        | (1)                         |
| Factoring debtors   | 574                         | 566                         |
| Less: provision for bad and doubtful debts                        | <u>(1,367)</u>              | <u>(1,084)</u>              |
|   | 1,028                       | 990                         |
| Prepayments and accrued income                                    | 1,110                       | 1,020                       |
| Other debtors   | 4,809                       | 4,477                       |
| Due from other group companies                                    | 1,488                       | 405                         |
|   | <u>8,435</u>                | <u>6,892</u>                |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 19. Creditors: amounts falling due within one year

|  | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Trade creditors                              | 725           | 549           |
| Accruals                                     | 2,936         | 2,648         |
| Deferred income (note 20)                    | 37,610        | 11,611        |
| Rent and service charges received in advance | 2,053         | 1,825         |
| Other creditors                              | 864           | 923           |
| Tax and Social Security                      | 300           | 204           |
| Due to other group companies                 | 16,265        | 15,873        |
|  | 60,753        | 33,633        |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 20. Creditors: amounts falling due after more than one year

|                              | 2025<br>£'000 | 2024<br>£'000 |
|------------------------------|---------------|---------------|
| Housing loans                | 35,759        | 35,213        |
| Due to other group companies | 231,385       | 188,865       |
| Deferred income (note 20)    | 6,563         | 55,521        |
|                              | 273,707       | 279,599       |

### Bank lending facility

Borrowing arrangements are in place via a Group funding structure which consists of bank loans, note placements and capital markets debt, secured on charged properties owned by the RSLs. The RSL Group funding was made up of a committed facility of £654.7m from a syndicate of commercial banks, two committed facilities totalling £254.9m from the European Investment Bank, £400.0m from a public bond due in 2044, of which £300.0m is currently issued, £389.0m private placement loan notes with BlackRock Real Assets, M&G Investment Management and PGIM, a £50.0m facility with Barclays, a £35.0m facility with RBS, and £82.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £1,865.9m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2025 WHE had access to an intra-group facility of £231.5m, secured on its housing stock. Interest in the year has been charged at 4.84% (2024: 4.73%).

WHE has secured a portion of its housing stock (£422.2m) against this facility. At 31 March 2025, 23.8% (£132.1m) of WHE's housing properties remained unsecured.

WHE has a £16.5m external loan with The Housing Finance Corporation Limited ("THFC") which is repayable in October 2031. In addition, a £16.0m unsecured loan was agreed with Allia Social Impact Investments Limited in 2018/19; this is repayable in November 2028.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 20. Creditors: amounts falling due after more than one year (continued)

| Borrowings are repayable as follows:           | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| In less than one year                          | -             | -             |
| In more than one year but less than five years | 19,259        | 18,242        |
| In more than five years                        | 247,885       | 205,836       |
|  | <hr/> 267,144 | <hr/> 224,078 |

#### Deferred income

The deferred income balance is made up as follows:

|  | New Build<br>Grant<br>£'000 | Other<br>£'000 | Total<br>deferred<br>income<br>£'000 |
|--|-----------------------------|----------------|--------------------------------------|
| Deferred income as at 31 March 2024                  | 66,863                      | 269            | 67,132                               |
| Additional income received                           | 22,223                      | -              | 22,223                               |
| Released to the Statement of<br>Comprehensive Income | (45,182)                    | -              | (45,182)                             |
| Deferred income as at 31 March 2025                  | <hr/> 43,904                | <hr/> 269      | <hr/> 44,173                         |

This is expected to be released to the Statement of Comprehensive Income in the following years:

| Deferred income to be released to the Statement of<br>Comprehensive Income: | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| In less than one year (note 19)   | 37,610        | 11,611        |
| In more than one year but less than five years                              | 6,563         | 55,521        |
|   | <hr/> 44,173  | <hr/> 67,132  |

### 21. Financial instruments

|   | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| <b>Financial assets:</b>                |               |               |
| <u>Measured at amortised cost:</u>      |               |               |
| Trade debtors and accrued income        | 8,435         | 6,892         |
|   | <hr/> 8,435   | <hr/> 6,892   |
| <b>Financial liabilities:</b>           |               |               |
| <u>Measured at amortised cost:</u>      |               |               |
| Creditors, accruals and deferred income | 67,316        | 89,154        |
| Bank loans                              | 267,144       | 224,078       |
|   | <hr/> 334,460 | <hr/> 313,232 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 22. Share capital

|   | 2025 | 2024 |
|---|------|------|
|   | £    | £    |
| Shares of £1 each issued and fully paid |      |      |
| At 1 April                              | 107  | 105  |
| Issued during year                      | -    | 2    |
| Surrendered during year                 | (6)  | -    |
| At 31 March                             | 101  | 107  |

Each member of the Association holds one share of £1 in the Association. Share capital is non-equity and does not carry any rights to dividend payments. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

### 23. Pensions

#### Pensions Trust Scottish Housing Association Pension Scheme

Wheatley Housing East participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022. In the years between the three yearly actuarial valuations, the Scheme Actuary provides an annual Actuarial Report which tracks the funding progress against the Scheme's agreed funding strategy. The Scheme Actuary is unable to predict what the funding level will be on 30 September 2024 until the valuation consultation has concluded. While deficit contributions are not currently payable, this will be reassessed as part of the 2024 valuation. As an employer we are prepared for deficit contributions coming into effect from 1 April 2026.

The Scheme is classified as a 'last-man standing arrangement', therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 23. Pensions (continued)

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The TPT benefits review is ongoing, with legal opinion being sought on whether pre-2003 benefits should have continued to receive pension increases in line with RPI inflation, rather than being switched to CPI inflation from 2011 onwards. The choice of inflation measure can have an impact on members' benefits because RPI is generally expected to be higher than CPI. Guidance from the Court, and therefore whether any increases to members benefits will be needed, is not expected before late 2025.

#### Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

|                         | 31 March 2025 | 31 March 2024 |
|-------------------------|---------------|---------------|
| Discount rate           | 5.80%         | 4.80%         |
| Future salary increases | 2.20%*        | 2.30%         |
| Inflation               | 2.80%         | 2.80%         |

\*Salary increases are assumed to be 3.30% for 2025/26, 2.50% for 2026/7 and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2025, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.2 years (male) (2024: 20.2 years), 22.7 years (female) (2024: 22.7 years).
- Future retiree upon reaching 65: 21.5 years (male) (2024: 21.4 years), 24.2 years (female) (2024: 24.1 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which the Group has been allocated a share of cost under an agreed policy throughout the periods shown.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 23. Pensions (continued)

| <i>Movements in present value of defined benefit obligation</i> | <b>2025</b>   | <b>2024</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Opening defined benefit obligation                              | 20,119        | 19,922        |
| Expenses  | 31            | 30            |
| Interest cost   | 944           | 936           |
| Actuarial gains   | (2,290)       | (232)         |
| Benefits paid   | (921)         | (537)         |
| Closing defined benefit obligation                              | <u>17,883</u> | <u>20,119</u> |

#### *Movements in fair value of plan assets*

|  | <b>2025</b>    | <b>2024</b>    |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Opening fair value of plan assets  | 17,509         | 18,638         |
| Experience on plan assets (excluding net interest on the defined benefit liability)      | (1,761)        | (1,497)        |
| Interest income on plan assets (excluding net interest on the defined benefit liability) | 819            | 875            |
| Contributions by the employer  | 31             | 30             |
| Estimated benefits paid  | (921)          | (537)          |
| Closing fair value of plan assets  | <u>15,677</u>  | <u>17,509</u>  |
| <b>Net liability</b>   | <u>(2,206)</u> | <u>(2,610)</u> |

#### *Expense recognised in Statement of Comprehensive Income*

|   | <b>2025</b>  | <b>2024</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Current service cost  | -            | -            |
| Administration costs  | 31           | 30           |
| Interest on defined benefit pension plan obligation                   | 125          | 61           |
| Defined benefit costs recognised in Statement of Comprehensive Income | <u>156</u>   | <u>91</u>    |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 23. Pensions (continued)

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £529k gain (2024: £1,265k loss).

*The fair value of the Scheme assets and the return on those assets were as follows:*

|                              | <b>2025</b>   | <b>2024</b>   |
|------------------------------|---------------|---------------|
|                              | <b>£'000</b>  | <b>£'000</b>  |
| Bonds                        | 362           | 1,281         |
| Equities                     | 1,830         | 2,028         |
| Liability driven investments | 4,414         | 6,332         |
| Other                        | 8,185         | 6,522         |
| Property                     | 781           | 871           |
| Cash                         | 105           | 475           |
|                              | <u>15,677</u> | <u>17,509</u> |
| Actual return on plan assets | <u>(942)</u>  | <u>(622)</u>  |

### 24. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

The Association retains a register of members' interests. The following interests in related parties are required to be declared:

#### Tenant Board Members

The following members were tenants of WHE during the year and have/had tenancy agreements that are on the Company's normal terms and they cannot use their positions to their advantage.

Anne McGovern  
Judith McGlashan  
Mark Keane (resigned 13 May 2024)  
Jane Menzies (resigned 24 June 2024)  
Pamela Paton (appointed 19 September 2024)

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2025, are as follows:

|   | <b>2025</b>  |
|---|--------------|
|   | <b>£'000</b> |
| Rent charged during the year                  | 15           |
| Arrears balances outstanding at 31 March 2025 | -            |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### 25. Cash Flow Analysis

| Cash flow from operating activities                         | 2025<br>£'000 | 2024<br>£'000 |
|---|---------------|---------------|
| Surplus for the year  | 42,777        | 38,308        |
| <u>Adjustments for non-cash items:</u>                      |               |               |
| Depreciation of tangible fixed assets                       | 15,245        | 14,237        |
| Increase in stock   | (349)         | (270)         |
| (Increase)/ decrease in trade and other debtors             | (1,543)       | 1,074         |
| Increase in trade and other creditors                       | 1,121         | 1,863         |
| <u>Adjustments for investing or financing activities:</u>   |               |               |
| Gain on disposal of tangible fixed assets                   | (1,078)       | (590)         |
| Government grants utilised in the year                      | (45,182)      | (15,422)      |
| Interest payable  | 9,601         | 7,975         |
| Interest received   | (25)          | (39)          |
| Gain on investment activities                               | (11,940)      | (1,973)       |
| Decrease/(Increase) in the valuation of housing properties  | 15,591        | (20,394)      |
| (Increase)/ decrease in the valuation of other fixed assets | (455)         | 28            |
| <b>Net cash inflow from operating activities</b>            | <b>23,763</b> | <b>24,797</b> |

### 26. Ultimate parent organisation

WHE is a wholly owned subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of WHE are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.



## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Anthony Allison  
Wheatley Homes East Limited  
8 New Mart Road  
Edinburgh  
EH14 1RL

### **Independent auditor**

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

### **Banker**

Royal Bank of Scotland  
4<sup>th</sup> Floor  
110 Queen Street  
Glasgow  
G1 3BX



KPMG LLP  
319 St Vincent  
Street Glasgow  
G2 5AS

21 August 2025

To whom it may concern,

This representation letter is provided in connection with your audit of the financial statements of Wheatley Homes East Limited (“the Association”), for the year ended 31 March 2025, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Association’s affairs as at 31 March 2025 and its income and expenditure for the financial year then ended;
- ii. whether these financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”));
- iii. whether the financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014;
- iv. whether the financial statements have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024; and
- v. whether the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements comprise the Association’s Statement of Comprehensive Income, the Association’s Statement of Changes in Reserves, the Association’s Statement of Financial Position, and the Association’s Statement of Cash Flows and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the Association meets the definition of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS 102.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

#### **Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 31 March 2023, for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Association’s affairs as at 31 March 2025 and its income and expenditure for that financial year
  - ;



- ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102);
- iii. have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014;
- iv. have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024; and
- v. Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

- 2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.

### **Information provided**

- 4. The Board has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
- 5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 6. The Board confirms the following:
  - i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Association and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.



In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

7. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
8. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

10. The Board confirms that:

- a) The financial statements disclose all of the matters that are relevant to the Association's ability to continue as a going concern, including key risk factors, assumptions made and uncertainties surrounding the Association's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
- b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Association to continue as a going concern.

11. On the basis of the process established by the Board and having made appropriate enquiries, the Board is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

The Board further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,

have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.



This letter was tabled and agreed at the meeting of the Board of Directors on 21 August 2025.

Yours faithfully,

Alastair Murray  
Chair

DRAFT



## **Appendix to the Board Representation Letter of Wheatley Homes East Limited** **Definitions**

### **Financial Statements**

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Association Statement of Financial Position as at the end of the period;
- the Association's Income and Expenditure account for the period;
- the Association's Statements of other comprehensive income for the period;
- the Association's Statement of changes in reserves for the period;
- the Association's Cash Flow Statement for the period; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately a Income and Expenditure account and a Statement of Other Comprehensive Income or (ii) a combined Income and Expenditure Account and Other Comprehensive Income.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:



- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

## **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and surplus /(deficit) and that member is included in the consolidation by means of full consolidation.

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.



**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

DRAFT



21 August 2025

Appendix 3

To: Wheatley Homes East Limited Chair

Dear Chair

**Re: Letter of representation in connection with the audit of the financial statements of Wheatley Homes East Limited**

With reference to the financial statements of Wheatley Homes East Limited ("the Association"), comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Reserves and notes, comprising a summary of significant accounting policies and explanatory notes, we confirm that to the best of our knowledge and belief the representations requested by the auditor can be validly made. We also confirm that Wheatley Homes East Limited meets the definitions of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS102.

In particular, and after consultation with other relevant senior officers of the Group we confirm that to the best of our knowledge and belief:

***Financial Statements***

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement dated 31<sup>st</sup> March 2023 for the preparation of financial statements that:
  - i. give a true and fair view of the state of the association's affairs as at 31<sup>st</sup> March 2025 and it's income and expenditure for that financial year;
  - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102);
  - iii. have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014;
  - iv. have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, and
  - v. have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which Section 32 of FRS 102 requires adjustment or disclosure, have been adjusted or disclosed.

***Information provided***

4. The external auditor, KPMG has been provided with:
  - access to all information of which we are aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that the auditor has requested for the purpose of the audit; and
  - unrestricted access to persons within the Association from whom the auditor determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.



6. We have disclosed to the external auditor:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

ii) We have disclosed to the external auditor, all information in relation to:

- a) Fraud or suspected fraud that we are aware of and that affects the Association and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for such internal control as we determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and we believe we have appropriately fulfilled those conditions.

- 7. We have disclosed to the external auditor all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 8. We have disclosed to the external auditor and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 9. We have disclosed to the external auditor the identity of the Association's related parties and all the related party relationships and transactions of which we are aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

10. We confirm that:

- a) The financial statements disclose all of the matters that are relevant to the Association's ability to continue as a going concern, including key risk factors, assumptions made and uncertainties surrounding the Association's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
- b) No material uncertainties related to events or conditions exist that may cast significant doubt on the ability of the Association to continue as a going concern.

- 11. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with section 28 of FRS 102.

We further confirm that:

- a) all significant employee benefits, including any arrangements that are:



- statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,
- have been identified and properly accounted for; and
- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

Yours faithfully

Steven Henderson  
Group Chief Executive



## **Appendix to the Board Representation Letter of Wheatley Homes East Limited Definitions**

### **Financial Statements**

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- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately an Income & Expenditure account and a Statement of Other Comprehensive Income or (ii) a combined Income & Expenditure Account and Other Comprehensive Income.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

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- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".



## **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and surplus/(deficit)) and that member is included in the consolidation by means of full consolidation.

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### **Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



## Report

**To:** Wheatley Homes East Board

**By:** Lyndsay Brown, Director of Finance

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

**Subject:** Finance Report to 30 June 2025

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1 The purpose of this paper is to provide Wheatley Homes East Board with an overview of the Finance Report for the period to 30 June 2025 and Q1 forecast financial out-turn.

### 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 our Terms of Reference, we are responsible for the on-going monitoring of performance against agreed targets, including the on-going performance of its finances.

### 3. Background - Financial performance to 30 June 2025

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

| £000                           | Period to Period 3 |               |                |
|--------------------------------|--------------------|---------------|----------------|
|                                | Actual             | Budget        | Variance       |
| Turnover                       | 25,996             | 22,287        | 3,709          |
| Operating expenditure          | (10,536)           | (10,471)      | (65)           |
| <b>Operating surplus</b>       | <b>15,460</b>      | <b>11,816</b> | <b>3,644</b>   |
| <i>Operating margin</i>        | 59%                | 53%           |                |
| Net interest payable           | (2,798)            | (2,819)       | 21             |
| <b>Surplus</b>                 | <b>12,662</b>      | <b>8,997</b>  | <b>3,665</b>   |
| <b>Net Capital Expenditure</b> | <b>13,021</b>      | <b>10,392</b> | <b>(2,629)</b> |



## 4. Discussion

### 4.1 Period to 30 June 2025

A statutory surplus of £12,662k, £3,665k favourable to budget is reported. The surplus includes additional new build grant of £3,657k relating to 27 earlier than budgeted new build completions at sites across the East.

Key points to note:

- Net rental income is £24k favourable to budget due to the earlier than budgeted handovers and housing management performance with a YTD void rate of 1.36%, compared to the YTD budgeted rate of 1.48%;
- Grant income recognised is £3,657k favourable to budget due 27 earlier than budgeted completions in the year to date. At June 2025, 118 social rent units have completed compared to the budgeted 91 social rent units;
- Other income of £1,169k is £22k favourable to budget reflecting the additional lease income from Lowther from earlier handover of MMR units in 2024/25;
- Overall operating expenditure is £65k unfavourable to budget. Repairs and maintenance costs are £58k ahead of budget with cyclical maintenance £49k ahead of budget due to accelerated gas maintenance works. Reactive repairs are broadly in line at this point in the year. Bad debts are £26k unfavourable with additional former tenant debts written off during the period; and
- Net capital expenditure is £2,629k higher than budget. Investment in our existing homes has £564k additional spend, relating to the accelerated spend within core investment on the district heating works and higher capitalised repairs, mainly related to remedial works for two fires and damp and mould work. New build development spend is reporting is £2,277k higher than budget due to accelerated spend at Deans South Ph2, Wallyford 5 A/B and Longniddry.

### 4.2 Q1 2025/26 Full Year Forecast

|                                | Full year 2025/26 |               |                |
|--------------------------------|-------------------|---------------|----------------|
|                                | Forecast<br>£k    | Budget<br>£k  | Variance<br>£k |
| Turnover                       | 93,666            | 90,043        | 3,623          |
| Operating expenditure          | (41,875)          | (42,052)      | 177            |
|                                |                   |               |                |
| <b>Operating surplus</b>       | 51,791            | 47,991        | 3,800          |
| <i>Operating margin</i>        | 55%               | 53%           |                |
|                                |                   |               |                |
| Net interest payable           | (11,299)          | (11,299)      | -              |
|                                |                   |               |                |
| <b>Surplus</b>                 | <b>40,492</b>     | <b>36,692</b> | <b>3,800</b>   |
|                                |                   |               |                |
| <b>Net Capital Expenditure</b> | <b>37,221</b>     | <b>34,770</b> | <b>(2,452)</b> |



- The forecast reports a statutory surplus of £40,492k for the full year out-turn to March 2025 which is £3,800k favourable to budget. The forecast underlying surplus of £7,101k is £101k favourable to budget. The forecast outturn reflects the additional rental income from earlier than budgeted new build completions and the advance payment of the donation to Wheatley Foundation offset by additional capital spend for non-budgeted remedial fire related works.

Key points to note:

- Additional rental income of £84k is due to new build units completing earlier than budgeted;
- Other income is forecast to be £614k higher, this includes £448k of additional gift aid from WDS reflecting the increased forecast development spend and additional lease income for mid-market units coupled with an uplift in the mid-market lease income;
- Direct running costs are reduced by £213k reflecting the advance donation to Wheatley Foundation made before the start of the financial year;
- Within capital expenditure, investment works are forecast to be £375k higher than budget. This includes £325k of additional capitalised repairs for remedial works for fire damage in Q1 and Q2 and £50k additional adaptations spend in line with the increased grant funding; and
- New build spend is higher by £9.9m due to accelerated spend on Charlesfield Road, Winchburgh and Maybury West. This has been offset by £7.8m additional grant funding.

## **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 Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money.
- 8.2 The statutory surplus for the period to 30 June 2025 is £3,665k favourable to budget with the earlier than budgeted release of grant income on new build completions. After adjusting the net operating surplus for new build grant income, depreciation and including capital expenditure in our properties, an underlying surplus of £922k is reported which is £556k unfavourable to budget. Additional rental and lease income on earlier than budgeted completions is offset by accelerated core investment spend and higher capitalised repairs and capitalised void spend.



- 8.3 Whilst this additional spend contributes to the unfavourable actual to budget position at the end of the first quarter, mainly due to timing of investment spend, this can be accommodated within the context of the RSL Borrower Group for the first quarter. The forecast position is expected to be ahead of budget by £101k by the end of the financial year. Financial performance continues to be managed within the overall budget and forecast parameters, golden rules and covenants for the RSL Borrowers.

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

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

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

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

## **11. Equalities implications**

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

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

- 12.1 This paper presents the financial performance for the period to 30 June 2025.

## **13. Recommendations**

- 13.1 The Board is requested to:
- 1) Note the Finance Report for the period ended 30 June 2025 and Q1 forecast at Appendix 1.

### **LIST OF APPENDICES:**

Appendix 1: Period 3 – 30 June 2025 Finance Report





# Period to 30 June 2025

## Finance Report





# 2) Operating Statement – Period to June 2025

|  | Period to 30 June 2025 |               |                | Full Year     |
|--|------------------------|---------------|----------------|---------------|
|  | Actual<br>£k           | Budget<br>£k  | Variance<br>£k | Budget<br>£k  |
| <b>INCOME</b>                          |                        |               |                |               |
| Rental Income                          | 11,597                 | 11,586        | 11             | 47,147        |
| Void Losses                            | (158)                  | (171)         | 13             | (685)         |
| <b>Net Rental Income</b>               | <b>11,439</b>          | <b>11,415</b> | <b>24</b>      | <b>46,462</b> |
| Grant Income                           | 13,235                 | 9,578         | 3,657          | 37,011        |
| Other Grant Income                     | 153                    | 147           | 6              | 588           |
| Other Income                           | 1,169                  | 1,147         | 22             | 5,982         |
| <b>TOTAL INCOME</b>                    | <b>25,996</b>          | <b>22,287</b> | <b>3,709</b>   | <b>90,043</b> |
| <b>EXPENDITURE</b>                     |                        |               |                |               |
| Employee Costs - Direct                | 1,334                  | 1,334         | 0              | 5,258         |
| Employee Costs - Group Services        | 747                    | 743           | (4)            | 2,944         |
| ER/VR                                  | 0                      | 0             | 0              | 0             |
| Direct Running Costs                   | 1,212                  | 1,215         | 3              | 5,172         |
| Running Costs - Group Services         | 399                    | 419           | 20             | 1,759         |
| Revenue Repairs and Maintenance        | 2,286                  | 2,228         | (58)           | 8,794         |
| Bad Debts                              | 148                    | 122           | (26)           | 489           |
| Depreciation                           | 4,410                  | 4,410         | 0              | 17,636        |
| <b>TOTAL EXPENDITURE</b>               | <b>10,536</b>          | <b>10,471</b> | <b>(65)</b>    | <b>42,052</b> |
| <b>NET OPERATING SURPLUS</b>           | <b>15,460</b>          | <b>11,816</b> | <b>3,644</b>   | <b>47,991</b> |
| <i>Net Operating Margin</i>            | <i>59%</i>             | <i>53%</i>    | <i>6%</i>      | <i>53%</i>    |
| Net Interest payable & similar charges | (2,798)                | (2,819)       | 21             | (11,299)      |
| <b>STATUTORY SURPLUS</b>               | <b>12,662</b>          | <b>8,997</b>  | <b>3,665</b>   | <b>36,692</b> |

|  | Period to 30 June 2025 |               |                | Full Year     |
|--|------------------------|---------------|----------------|---------------|
|  | Actual<br>£k           | Budget<br>£k  | Variance<br>£k | Budget<br>£k  |
| <b>INVESTMENT</b>                      |                        |               |                |               |
| <b>Total Capital Investment Income</b> | <b>1,316</b>           | <b>1,249</b>  | <b>67</b>      | <b>2,126</b>  |
| Investment Programme Expenditure       | 2,915                  | 2,351         | (564)          | 9,156         |
| New Build & Other Investment           | 11,305                 | 9,028         | (2,277)        | 34,945        |
| Other Capital Expenditure              | 117                    | 262           | 145            | 945           |
| <b>TOTAL CAPITAL EXPENDITURE</b>       | <b>14,337</b>          | <b>11,641</b> | <b>(2,696)</b> | <b>45,046</b> |
| <b>NET CAPITAL EXPENDITURE</b>         | <b>13,021</b>          | <b>10,392</b> | <b>(2,629)</b> | <b>42,920</b> |

## Key highlights year to date:

Net operating surplus of £15,460k is £3,644k favourable to budget. Statutory surplus for the period is £12,662k, £3,665k favourable to budget. Earlier than budgeted recognition of grant income in line with new build completions is contributing to the favourable variance.

- Gross rental income is £11k favourable to budget due to additional rental income from the new build completions. Void losses are £13k favourable to budget with voids losses of 1.36% compared to the budget of 1.48%.
- Grant income recognised of £13,235k is favourable to budget due to the earlier than budgeted completions. 118 properties have completed compared to the budgeted 91 properties.
- Other grant income of £153k includes £51k adaptation grant income with grant recognised in line with corresponding adaptation spend.
- Other income of £1,169k is £22k favourable to budget reflecting the additional lease income from Lowther for the 30 MMR properties at West Craigs Ph3 that have completed ahead of budget.
- Total employee costs are £4k unfavourable to budget with additional group employee costs due to the timing of changes compared to the budgeted structures in Wheatley Solutions.
- Total running costs are £23k favourable to budget and includes group running costs £20k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £58k unfavourable to budget. Responsive repairs are £9k unfavourable to budget and cyclical maintenance is £49k ahead of budget due to accelerated gas maintenance works.
- Bad debt provision is £26k unfavourable to budget with an exercise to review former tenant's debts and a write off in April contributing to the variance.

Net interest payable of £2,798k includes interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is favourable to budget due to the timing of loan drawdowns compared to the budgeted profile.

Net capital expenditure of £13,021k is £2,629k higher than budget.

- Capital investment income is £67k higher than budget due to grant claims made at Longniddry ahead of budget offset by grant claimed for Builyleon in 2024/25 budgeted to be received in 2025/26.
- Investment programme spend is £564k higher than budget. Within core programme there has been accelerated spend of £289k on Miniibem works. Higher capitalised repairs of £257k are also reported including £130k of remedial works following two fires and £55k of specialist works in relation to damp & mould works at one property in Granton.
- New build spend of £11,305k is £2,277k higher than budget due to accelerated spend at Deans South Ph 2, Wallyford 5 A/B and Longniddry.



### 3) Underlying surplus – Period to June 2025

**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 2018).
- 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 £922k is reported which is £556k unfavourable to budget. The variance is partly due to timing following the accelerated Minibems work within core investment and the additional remedial works within capitalised repairs spend in the year to date. The unfavourable variance in WH East, is accommodated within the context of the overall budget parameters and covenants for the RSL Borrower Group. At June 2025 the RSL Borrower Group has an underlying surplus £377k favourable to budget.

| WH East Underlying Surplus - June 2025 |                  |                  |                    |                 |
|--|------------------|------------------|--------------------|-----------------|
|  | YTD Actual<br>£k | YTD Budget<br>£k | YTD Variance<br>£k | FY Budget<br>£k |
| Net Operating Surplus                  | 15,460           | 11,816           | 3,644              | 47,991          |
| add back:                              |                  |                  |                    |                 |
| Depreciation                           | 4,410            | 4,410            | 0                  | 17,636          |
| less:                                  |                  |                  |                    |                 |
| Grant income                           | (13,235)         | (9,578)          | (3,657)            | (37,011)        |
| WDS gift aid income                    | 0                | 0                | 0                  | (1,161)         |
| Net interest payable                   | (2,798)          | (2,819)          | 21                 | (11,299)        |
| Investment Programme Expenditure       | (2,915)          | (2,351)          | (564)              | (9,156)         |
| Underlying surplus                     | 922              | 1,478            | (556)              | 7,000           |
|  |                  |                  |                    |                 |



## 4) Property Services Operating Statement – Period to June 2025

|                             | Period to 30 June 2025 |              |                | FY Budget<br>£k |
|-----------------------------|------------------------|--------------|----------------|-----------------|
|                             | Actual<br>£k           | Budget<br>£k | Variance<br>£k |                 |
| <b>INCOME</b>               |                        |              |                |                 |
| Internal Subsidiaries       | 5,907                  | 5,220        | 687            | 19,421          |
| <b>TOTAL INCOME</b>         | <b>5,907</b>           | <b>5,220</b> | <b>687</b>     | <b>19,421</b>   |
| <b>COST OF SALES</b>        |                        |              |                |                 |
| Staff                       | 1,114 <sup>▼</sup>     | 1,166        | 52             | 4,665           |
| Materials                   | 662                    | 703          | 41             | 2,660           |
| Subcontractor & Other Costs | 3,042                  | 2,231        | (811)          | 7,582           |
| <b>TOTAL COST OF SALES</b>  | <b>4,818</b>           | <b>4,100</b> | <b>(718)</b>   | <b>14,907</b>   |
| <b>GROSS PROFIT/(LOSS)</b>  | <b>1,089</b>           | <b>1,120</b> | <b>(31)</b>    | <b>4,514</b>    |
| Margin %                    | 18%                    | 21%          | -5%            | 23%             |
| Overheads                   | 1,147                  | 1,133        | (14)           | 4,440           |
| <b>NET PROFIT/(LOSS)</b>    | <b>(58)</b>            | <b>(13)</b>  | <b>(45)</b>    | <b>74</b>       |

### Key highlights:

- Income of £5,907k is £687k favorable to budget which includes additional cyclical works, capitalised repairs and accelerated core programme works.
- Cost of sales are £718k higher than budget.
  - Salary costs are below budget by £52k reflecting current vacancies across a number of trades including a joiner, heating engineer, painter and roofer.
  - Subcontractor costs are £811k higher than budget. An additional £289k of subcontractor costs have been incurred for the accelerated Minibems work reported through the Core Programme investment line, £185k relating to the additional capitalised repair work and additional £53k for gas maintenance compliance costs. There is also an element of additional spend to support staff vacancies, however, usage of subcontractors should reduce in future months as staff vacancies are filled.
- Overhead expenditure is £14k unfavourable to budget mainly due to timing of waste disposal costs.



# 5) Wheatley Homes East Harbour – Period to June 2025

|                                   | Period to 30 June 2025 |              |                | Full Year    |
|-----------------------------------|------------------------|--------------|----------------|--------------|
|                                   | Actual<br>£k           | Budget<br>£k | Variance<br>£k | Budget<br>£k |
| INCOME                            |                        |              |                |              |
| Rental Income                     | 250                    | 258          | (8)            | 1,033        |
| Void Losses                       | (31)                   | (13)         | (18)           | (52)         |
| Net Rental Income                 | 219                    | 245          | (26)           | 981          |
| Local Authority Contract Income   | 102                    | 102          | (0)            | 408          |
| Other Income                      | 0                      | 0            | 0              | 0            |
| TOTAL INCOME                      | 321                    | 347          | (26)           | 1,390        |
| EXPENDITURE                       |                        |              |                |              |
| Employee Costs - Direct           | 231                    | 233          | 2              | 931          |
| Direct running Costs              | 52                     | 85           | 33             | 340          |
| Revenue Repairs and Maintenance   | 10                     | 19           | 9              | 75           |
| Bad Debts and Depreciation        | 0                      | 0            | 0              | 0            |
| TOTAL EXPENDITURE                 | 293                    | 337          | 44             | 1,346        |
| NET OPERATING SURPLUS / (DEFICIT) | 28                     | 10           | 18             | 44           |

## Key highlights:

- Net rental income is £26k unfavourable to budget with voids £18k unfavourable. Voids are higher than budget due to some fire compartment work being undertaken and higher customer turnover to June. Voids continue to be closely managed.
- Employee costs of £231k are £2k favourable to budget.
- Running costs of £52k include insurance, travel, safety equipment, printing, stationary and mobile costs. Costs are £33k favourable reflecting efficiencies and timing of spend compared to the budgeted profile.



## 6) Repairs and investment – Period to June 2025

### Key highlights:

### Repairs and maintenance

- Reactive repairs are broadly in line with budget at £9k unfavourable to budget.
- Cyclical maintenance spend is ahead of budget with a £49k unfavourable variance with accelerated gas maintenance spend in the period to June.

| Repairs and maintenance | Year to 30 June 2025 |               |                 | FY Budget |
|-------------------------|----------------------|---------------|-----------------|-----------|
|                         | Actual<br>£ks        | Budget<br>£ks | Variance<br>£ks |           |
| Responsive Repairs      | 1,664                | 1,655         | (9)             | 6,502     |
| Cyclical Maintenance    | 622                  | 573           | (49)            | 2,292     |
|                         | 2,286                | 2,228         | (58)            | 8,794     |

### Investment

- Net Investment expenditure is £558k higher than budgeted.
- The core programme variance is driven by the accelerated spend of £289k for Minibem work.
- The additional capitalised repairs mainly relate to remedial works following 2 fires (Gorgie Park Road and Earl Gray Street) totalling £130k and £55k in relation to specialist damp & mould work at a property in Granton.
- Void spend is ahead of budget with £20k unfavourable variance, mainly due to some higher value voids, in particular 3 high value voids averaging at £13k each.

| WH East Investment Works                  | Year to 30 June 2025 |              |              | FY Budget    |
|---|----------------------|--------------|--------------|--------------|
|   | Actual £k            | Budget £k    | Variance £k  |              |
| <b>Investment Works Income</b>            |                      |              |              |              |
| Disabled Adaptation Grant                 | 51                   | 45           | 6            | 180          |
| Empty Homes                               | 0                    | 0            | 0            | 0            |
| SHNZ                                      | 0                    | 0            | 0            | 0            |
| <b>Investment Works Income Total</b>      | <b>51</b>            | <b>45</b>    | <b>6</b>     | <b>180</b>   |
| <b>Investment Works Expenditure</b>       |                      |              |              |              |
| Core Programme (exlc SHNZ)                | 1,678                | 1,396        | (282)        | 5,337        |
| SHNZ                                      | 0                    | 0            | 0            | 0            |
| Empty Homes                               | 0                    | 0            | 0            | 0            |
| Capitalised repairs                       | 533                  | 276          | (257)        | 1,102        |
| Disabled Adaptations                      | 51                   | 45           | (6)          | 180          |
| Voids                                     | 322                  | 302          | (20)         | 1,208        |
| Capitalised Staff                         | 331                  | 332          | 1            | 1,329        |
| <b>Investment Works Expenditure Total</b> | <b>2,915</b>         | <b>2,351</b> | <b>(564)</b> | <b>9,156</b> |
|   |                      |              |              |              |
| <b>Net Total</b>                          | <b>2,865</b>         | <b>2,306</b> | <b>(558)</b> | <b>8,976</b> |



7) New Build Programme – Period to June 2025

|                            | Status  | Contractor      | Period To Date (£'000) |        |          | FY Budget |
|----------------------------|---------|-----------------|------------------------|--------|----------|-----------|
|                            |         |                 | Actual                 | Budget | Variance |           |
| BUILYON PH3A               | On Site | Cala Homes      | 645                    | 665    | 20       | 1,965     |
| DALHOUSIE STH              | On Site | Barratt         | 644                    | 769    | 125      | 1,231     |
| DEANS SOUTH PH2            | On Site | Springfield     | 2,236                  | 1,120  | (1,116)  | 5,444     |
| SIBBALDS BRAE              | On Site | Taylor Wimpey   | 6                      | 60     | 54       | 60        |
| ST CRISPINS                | On site | Cala            | 598                    | 430    | (168)    | 793       |
| STH GILMERTON 2            |         |                 | 0                      | 5      | 5        | 764       |
| Total Social Rent          |         |                 | 4,129                  | 3,049  | (1,080)  | 10,257    |
| AUCHENDINNY PH1            | On site | McTaggart       | 21                     | -      | (21)     | 2,864     |
| CHARLESFIELD RO            |         |                 | 14                     | 46     | 32       | 128       |
| DALHOUSIE STH 2            |         |                 | 0                      | -      | 0        | 899       |
| LONGNIDDRY PH2             |         |                 | 432                    | -      | (432)    | 1,630     |
| WALLYFORD 5 A/B            |         |                 | 3,203                  | 2,116  | (1,087)  | 8,039     |
| WALLYFORD 6 PH1            | On site | Cruden Building | 0                      | -      | 0        | 1,604     |
| WESTCRAIGS1                |         |                 | 1,021                  | 1,223  | 202      | 1,223     |
| WESTCRAIGS3                |         |                 | 1,493                  | 1,515  | 22       | 2,213     |
| WINCHBURGH BB              |         |                 | 535                    | 617    | 82       | 801       |
| WINCHBURGH PH3             | On site | McTaggart       | 7                      | -      | (7)      | 2,266     |
| Total Mixed Tenure         |         |                 | 6,726                  | 5,517  | (1,209)  | 21,667    |
| Land & Property Aquisition |         |                 | 0                      | 6      | 6        | 75        |
| Capitalised Interest Costs |         |                 |                        |        | 0        |           |
| Prior Year                 |         |                 | (3)                    | -      | 3        |           |
| Feasibility Sites          |         |                 | 0                      | 10     | 10       | 313       |
| Capitalised insurance      |         |                 |                        | -      | 0        | -         |
| Capitalised Staff Costs    |         |                 | 452                    | 446    | (6)      | 1,780     |
| Total New Build Investment |         |                 | 11,305                 | 9,028  | (2,277)  | 34,093    |
|                            |         |                 |                        |        |          |           |
| Grant Income               |         |                 | 1,265                  | 1,204  | 61       | 10,096    |
| Net New Build Costs        |         |                 | 10,040                 | 7,824  | (2,216)  | 23,998    |

Net development costs of £10.0m have been incurred for the period ended June 2025. This is £2.2m higher than budget.

Complete

- **Sibbalds Brae (SR/29):** Final 4 handovers were in April 2025 completing the development.
- **West Craigs Phase 3 (SR/83 and MMR/42):** 83 SR and 37 MMR units complete as at end of June 2025 and the final 5 MMR completed in July.





# 8) Balance sheet

|   | 30 June 2025          | 31 March 2025         |
|---|-----------------------|-----------------------|
|   | £'000                 | £'000                 |
| <strong>Fixed Assets</strong>             |                       |                       |
| Social Housing Properties                 | 552,886               | 542,889               |
| Other Fixed Assets                        | 11,245                | 11,284                |
| Investment Properties                     | 85,304                | 85,304                |
|   | <u>649,435</u>        | <u>639,477</u>        |
| <strong>Current Assets</strong>           |                       |                       |
| Stock                                     | 1,409                 | 1,378                 |
| Trade debtors                             | 277                   | 287                   |
| Other debtors                             | 5,983                 | 4,809                 |
| Rent & Service charge arrears             | 2,034                 | 1,821                 |
| less: Provision for rent arrears          | (1,217)               | (1,080)               |
| Prepayments and accrued income            | 782                   | 1,110                 |
| Intercompany debtors                      | 152                   | 1,488                 |
| Total Debtors                             | <u>8,011</u>          | <u>8,435</u>          |
| Cash & Cash Equivalents                   | <u>1,313</u>          | <u>1,907</u>          |
|   | 10,733                | 11,720                |
| <strong>Creditors: within 1 year</strong> |                       |                       |
| Trade Creditors                           | (981)                 | (725)                 |
| Accruals                                  | (2,938)               | (2,936)               |
| Deferred Income                           | (25,639)              | (37,610)              |
| Prepayments of Rent and Service Charge    | (2,189)               | (2,053)               |
| Other Creditors                           | (2,123)               | (1,164)               |
| Amounts due to Group Undertakings         | <u>(16,546)</u>       | <u>(16,265)</u>       |
|   | (50,416)              | (60,753)              |
| <strong>Net Current Liability</strong>    | <u>(39,683)</u>       | <u>(49,033)</u>       |
| <strong>Long Term Creditors</strong>      |                       |                       |
| Deferred income                           | (6,563)               | (6,563)               |
| Loans                                     | (35,790)              | (35,759)              |
| Amounts due to Group Undertakings         | (238,000)             | (231,385)             |
| Pension Liability                         | (2,206)               | (2,206)               |
|   | <u></u>               | <u></u>               |
| <strong>Net Assets</strong>               | <u><u>327,193</u></u> | <u><u>314,531</u></u> |
| <strong>Capital and Reserves</strong>     |                       |                       |
| Share Capital                             | 0                     | 0                     |
| Revenue Reserve b/f                       | 314,531               | 314,531               |
| Surplus in the year                       | 12,662                | 0                     |
|   | <u></u>               | <u></u>               |
| <strong>Association's funds</strong>      | <u><u>327,193</u></u> | <u><u>314,531</u></u> |

## Key highlights year to date:

The balance sheet as at 31 March 2025 reflects the audited position and year end adjustments, including the revaluation of both housing and investment properties and actuarial valuation of the defined benefit pension scheme.

At 30 June 2025:

- The value of our **fixed assets** reflects additions in the year less depreciation.
- Debtors** - Decreased by £0.4m driven by a decrease in intercompany debtors by £1.3m due to receipt of funds post year end offset in part by an increase in other debtors.
- Cash at Bank** – At 30 June 2025 cash at bank was £1.3m, a decrease of £0.6m from March 2025.
- Short-Term Creditors** – Amounts due within one year of £50.4m have decreased by £10.3m mainly due to the decrease in deferred income of £12.0m which relates to grants received in advance of new build completions that are due to complete < 1 year. Other creditors increased by £1.0m and amounts due to intercompany creditors increased by £0.3m, due to timing.
- Loans** of £238.0m relate to funding drawn down from WFL1 and external funding of £35.8m due to THFC and Allia (inclusive of accrued interest charges). The increase in loans due to group undertakings supports the delivery of the development programme.



## 9) Q1 forecast 2025/26

| Operating statement             | Full Year 2025/26 |               |                |
|---------------------------------|-------------------|---------------|----------------|
|                                 | Q1 Forecast<br>£k | Budget<br>£k  | Variance<br>£k |
| <b>INCOME</b>                   |                   |               |                |
| Rental Income                   | 47,231            | 47,147        | 84             |
| Void Losses                     | (685)             | (685)         | 0              |
| <b>Net Rental Income</b>        | <b>46,546</b>     | <b>46,462</b> | <b>84</b>      |
| Grant Income                    | 39,886            | 37,011        | 2,875          |
| Other Grant Income              | 638               | 588           | 50             |
| Other Income                    | 6,596             | 5,982         | 614            |
| <b>Total Income</b>             | <b>93,666</b>     | <b>90,043</b> | <b>3,623</b>   |
| <b>EXPENDITURE</b>              |                   |               |                |
| Employee Costs - Direct         | 5,258             | 5,258         | 0              |
| Employee Costs - Group Services | 2,954             | 2,944         | (10)           |
| Direct Running Costs            | 4,959             | 5,172         | 213            |
| Running Costs - Group Services  | 1,759             | 1,759         | 0              |
| Revenue Repairs and Maintenance | 8,794             | 8,794         | 0              |
| Bad debts                       | 515               | 489           | (26)           |
| Depreciation                    | 17,636            | 17,636        | 0              |
| <b>TOTAL EXPENDITURE</b>        | <b>41,875</b>     | <b>42,052</b> | <b>177</b>     |
| <b>OPERATING SURPLUS</b>        | <b>51,791</b>     | <b>47,991</b> | <b>3,800</b>   |
| Interest Payable                | (11,299)          | (11,299)      | 0              |
| <b>STATUTORY SURPLUS</b>        | <b>40,492</b>     | <b>36,692</b> | <b>3,800</b>   |

| Investment                             | Full Year 2025/26 |               |                 |
|--|-------------------|---------------|-----------------|
|  | Q1 Forecast<br>£k | Budget<br>£k  | Variance<br>£k  |
| <b>Total Capital Investment Income</b> | <b>18,086</b>     | <b>10,276</b> | <b>7,810</b>    |
| Investment Works                       | 9,531             | 9,156         | (375)           |
| New Build                              | 44,831            | 34,945        | (9,886)         |
| Other Capital Expenditure              | 945               | 945           | 0               |
| <b>TOTAL CAPITAL EXPENDITURE</b>       | <b>55,307</b>     | <b>45,046</b> | <b>(10,261)</b> |
| <b>NET CAPITAL EXPENDITURE</b>         | <b>37,221</b>     | <b>34,770</b> | <b>(2,452)</b>  |

### Key highlights:

A statutory surplus of £40,492k is £3,800k higher than budget is reported.

- Rental income is £84k favourable to budget reflecting the early handover of new build units.
- Grant income is £2,875k higher than budget driven by the additional units completing in 2025/26 at Builyeon and West Craigs Ph 1&2.
- Other Grant income is £50k favourable due to additional grant funding confirmed for aids & adaptations works with corresponding additional expenditure.
- Other income is £614k higher driven by £448k additional gift aid income from WDS and additional mid-market rental income as a result of earlier completions and higher than budgeted rent increase applied by Lowther in 2025/26.
- Employee costs (direct and group) are £10k adverse to budget reflecting changes from the budgeted structure in Wheatley Solutions.
- Direct running costs are £213k favourable to budget due to donations to Wheatley Foundation paid earlier than budgeted in March 2025.
- Bad debts are £26k unfavourable to budget due to unbudgeted former tenant debt written off in Q1 2025/26.
- Capital investment income is £7,810k favourable to budget reflecting additional grant income receivable for new build developments (Winchburgh Phase 1, £3.3m, Charlesfield Road, £3.7m, Maybury West, £2.7m and Deans South £1.5m).
- Investment works are forecast to be £375k higher than budget. £325k additional capitalised repairs are forecast for remedial works for four fires in Q1 and Q2 and £50k additional adaptations spend in line with the increased grant funding.
- New Build is £9,886k higher to budget driven by accelerated spend on Charlesfield Road (£3.6m), Winchburgh Ph1 (£3.6m) and Maybury West (£2.8m).



## 10) Q1 forecast – Underlying surplus

### Key highlights :

- The forecast Operating Statement (Income and Expenditure Account) is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2018).
- 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 chart 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 but including capital expenditure on our existing properties.
- The Q1 forecast shows an underlying surplus of £7,101k which is £101k favourable to budget. The additional rental income following earlier completions of social rent and mid-market units and donations to Wheatley Foundation being paid earlier than budgeted in March 2025 accommodate the additional unbudgeted capital spend for remedial fire works. The movement in underlying surplus in WH East is favourable and contributes to the RSL Borrower Group position, where an overall underlying surplus is reported for the financial year to date. Financial performance continues to be managed within the overall budget parameters and covenants for the RSL Borrowers.

| WH East Underlying Surplus - Q1 Forecast 25/26 |                 |               |                     |
|--|-----------------|---------------|---------------------|
|  | Forecast<br>£ks | Budget<br>£ks | YTD Variance<br>£ks |
| Net Operating surplus                          | 51,791          | 47,991        | 3,800               |
| add back:                                      |                 |               |                     |
| Depreciation                                   | 17,636          | 17,636        | 0                   |
| less:  |                 |               |                     |
| Grant income                                   | (39,886)        | (37,011)      | (2,875)             |
| Gift aid                                       | (1,609)         | (1,161)       | (448)               |
| Net interest payable                           | (11,299)        | (11,299)      | 0                   |
| Total expenditure on Core Programme            | (9,531)         | (9,156)       | (375)               |
| Underlying surplus / (deficit)                 | 7,101           | 7,000         | 101                 |
|  |                 |               |                     |



## Report

**To:** Wheatley Homes East Board

**By:** Ranald Brown, Director of Assurance

**Subject:** Assurance Update

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1. This report provides the Wheatley Homes East Board (the Board) with an update for noting of the following matters:
- the Internal Audit Annual Report and Opinion 2024/25, which was approved by the Group Audit Committee on 14 May 2025; and
  - the internal audit work reported to the February and May Group Audit Committee meetings.

### 2. Authorising and strategic context

- 2.1. The Group Audit Committee is responsible for monitoring the Group's assurance activities, including approval of the Internal Audit Annual Report, and monitoring results as presented in quarterly Assurance Updates.
- 2.2. Under its Terms of Reference, the Board is responsible for managing and monitoring its compliance arrangements and operational performance. The activities undertaken by the Assurance Team provide the Board with independent assurance to support the Board in this role.

### 3. Background

- 3.1. The Group's Internal Audit team operates in accordance with the International Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which was revised during 2024/25. The new Global Internal Audit Standards ("GIAS" / the "Standards") applied from January 2025. In addition, the Chartered Institute of Internal Auditors issued a Code of Practice that supports the new Standards by providing additional guidance on the practice of Internal Auditing within the United Kingdom.
- 3.2. To meet the requirements of the Standards and the Code of Practice, at **Appendix 1** Internal Audit provides the Board with an Annual Report and Opinion, which summarises the results of the Internal Audit team's work during the financial year and provides an opinion on the Group's governance, risk management, and control framework.
- 3.3. In November 2024 and February 2025, the Group Audit Committee approved delivery of the following reviews, as part of the rolling Internal Audit Plan. The reviews highlighted in **blue font** are those relevant to this Board:



|                        |                                      |                                |
|------------------------|--------------------------------------|--------------------------------|
| Allocations            | CBG Performance Reporting (with GCC) | Frontline RSL Assurance checks |
| Payroll Data Analytics | Repairs Data Analytics               | Treasury Management            |
| Anti-Social Behaviour  | Rent Credit Balances Data Analytics  | Gas Safety Data Analytics      |

- 3.4. The Internal Audit team has now completed these reviews, and details of the relevant findings are set out in the report at **Appendix 2**.

#### 4. Discussion

##### *Internal Audit Annual Report and Opinion 2024/25*

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

|                              |   |
|------------------------------|---|
| <b>No Assurance</b>          | There are <b>business critical control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year. If not addressed as a priority, these weaknesses could affect the going concern status of one or more Group Subsidiaries.   |
| <b>Limited Assurance</b>     | There are <b>significant control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year, leaving scope for considerable improvement and concern is expressed about the adequacy of controls in mitigating risk to the Group.   |
| <b>Substantial Assurance</b> | There are <b>control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year. The majority of existing controls and processes accord with accepted good practice and are operating effectively although some deficiencies do exist, which could result in increased risk of loss/failure affecting the achievement of strategic objectives. |
| <b>Full Assurance</b>        | There are <b>no identified control weaknesses</b> identified from any of the Group wide Internal Audit reviews undertaken in year. Operating practices are considered optimised and industry leading, with no identified areas for improvement.   |

##### *Basis of Opinion*

- 4.2. There have been no material changes to the Group's objectives, activities or regulatory environment during 2024/25.



- 4.3. The internal audit engagements delivered during 2024/25 identified no critical weaknesses in the governance, risk or control framework that would put the achievement of Group objectives at risk except for ongoing weaknesses in City Building Glasgow processes and controls in relation to governance and compliance matters. There continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within these areas.
- 4.4. As reported to the Group Audit Committee, Management has acted promptly to implement agreed audit actions throughout the year, thereby reducing the risk associated with audit findings.
- 4.5. During 2024/25, 6 of 30 risks within the Strategic Risk Register were reported as being outwith risk appetite. These risks were impacted by external factors over which management has limited influence and were reviewed by management and the Group Audit Committee each quarter to determine whether additional action was required.
- 4.6. Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2024/25. In giving this opinion, it should be noted that assurance can never be absolute.

### Internal Audit Opinion 2024/25

Based on our Group-wide work undertaken in 2024/25 a **substantial level of assurance\*** can be given that the Group's governance, risk control framework is designed to support achievement of relevant organisational objectives and operating effectively, within the Group's risk appetite.

However, some weaknesses in the design or consistent application of controls remain and there were a small number of risks in the Strategic Risk Register that were outwith risk appetite. In particular, there continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within City Building Glasgow.


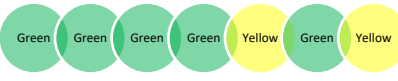


Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.



## Summary of work completed between November 2024 and May 2025

4.7. The tables below summarise the results of all internal audit work completed in the period since our last report.

### Assurance Reviews

| Review Title                                      | Relevant Subsidiaries                       | Control Objective Assessment  | No of actions by type |        |
|---|---|---|-----------------------|--------|
| Allocations                                       | Lowther, WH-E, WH-G, WH-S, Loretto          |   | P - 2                 | CI - 3 |
| CBG Performance Reporting (joint review with GCC) | Loretto, Lowther, WH-G, Solutions           | Not applicable – assessment is in the full CBG report.                              | P - 1                 | N/A    |
| Treasury Management                               | All Subsidiaries except Care and Foundation |   | N/A                   | CI - 4 |
| Anti-Social Behaviour                             | Loretto, WH-E, WH-G, WH-S, Solutions        |   | N/A                   | CI - 3 |
| Rent Credit Balances Analytics                    | Loretto, WH-E, WH-G, WH-S, Lowther          |  | N/A                   | CI - 2 |

### Advisory Reviews

| Review Title                    | Relevant Subsidiaries             | No of actions by type |        |
|---------------------------------|-----------------------------------|-----------------------|--------|
| Frontline RSL assurance checks  | Loretto, WH-E, WH-G, WH-S         | N/A                   | CI - 1 |
| CBG Partnership Oversight Board | Loretto, Lowther, WH-G, Solutions | N/A                   | N/A    |

### Focused Reviews

| Review Title                           | Relevant Subsidiaries                         | No of actions by type |        |
|--|---|-----------------------|--------|
| Payroll data analytics                 | All subsidiaries except WDSL                  | N/A                   | N/A    |
| Repairs analytics                      | Loretto, Lowther, WH-E, WH-G, WH-S, Solutions | N/A                   | N/A    |
| Gas Safety Certificates data analytics | Loretto, Lowther, WH-E, WH-G, WH-S, Solutions | P - 1                 | CI - 2 |
| Repairs analytics                      | Loretto, Lowther, WH-E, WH-G, WH-S, Solutions | N/A                   | N/A    |



4.8. The control objective ratings are defined below:

| Red  | Amber   | Yellow   | Green  |
|--|---|--|--|
| <ul style="list-style-type: none"> <li>•Control objective not achieved.</li> <li>•Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives.</li> </ul> | <ul style="list-style-type: none"> <li>•Control objective not achieved.</li> <li>•Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives.</li> </ul> | <ul style="list-style-type: none"> <li>•Control objective achieved.</li> <li>•Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation's objectives.</li> </ul> | <ul style="list-style-type: none"> <li>•Control objective achieved.</li> <li>•Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation's objectives.</li> </ul> |

4.9. The actions are prioritised as follows:

#### Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

#### Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls ("house-keeping" issues); or further development of existing controls that are operating effectively, such as automation of a manual control.

4.10. More detail on the key findings for those reviews relevant to this Board are set out in the Assurance Update at **Appendix 2**. Full reports are available to all Board members upon request.

## 5. Customer Engagement

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

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

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



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

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

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

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

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

- 10.1. This report summarises the internal audit work performed during 2024/25 and informs the Board of specific risks arising from internal audit reviews performed between November 2024 and May 2025. The nature of the risks varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.
- 10.2. Where management considers the risks identified through an internal audit review are sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

## **11. Equalities implications**

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

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

- 12.1. The Internal Audit team has completed its planned work for 2024/25 and the Director of Assurance has issued his annual opinion, as outlined at paragraph 4.6.
- 12.2. The Internal Audit team has completed the listed reviews. No significant matters were noted to bring to the attention of the Board members and management have agreed actions to address the improvement actions identified during each review. The Internal Audit team will monitor completion of these actions and report progress to future meetings of the Group Audit Committee and this Board.

## **13. Recommendations**

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

### **LIST OF APPENDICES:**

Appendix 1 - Internal Audit Annual Report and Opinion 2024/25  
Appendix 2 - Assurance Update August 2025



# **Internal Audit Annual Report and Opinion 2024/25**

*Approved by Group Audit Committee  
14 May 2025*



# 1. Introduction

The purpose of this report is to provide Internal Audit’s view on the adequacy and effectiveness of the Wheatley Group’s (“the Group”) systems of governance, risk management and internal control, as assessed through delivery of the rolling Internal Audit Plan during 2024/25. The Internal Audit Plan is reviewed and approved by the Group Audit Committee (“the Committee”) each quarter.

The detailed findings from individual engagements have been reported to Management during the year, with a summary of the findings reported to the Committee at each of its 2024/25 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

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

The Internal Audit function provides internal audit services that meet the Purpose of Internal Auditing (see opposite) and as set out in the Group Internal Audit Charter, in accordance with the Internal Audit Mandate.

## Purpose of Internal Auditing

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation’s:

- Successful achievement of its objectives.
- Governance, risk management and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

*Domain 1: Purpose of Internal Auditing, Global Internal Audit Standards*



## 2. Annual Internal Audit Opinion

### Scope

In line with the Global Internal Audit Standards (“the Standards”), to which the Internal Audit function conforms, Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Internal Audit Annual Report. The report includes an opinion on the effectiveness of the Group’s governance, risk and control framework, and an opinion of whether the Group’s risk appetite is being adhered to, based on the work completed during 2024/25.

Our opinion is subject to the inherent limitations of Internal Audit as set out in Appendix 1 (Limitations and Responsibilities). In arriving at our Annual Internal Audit Opinion, we have taken the following matters into account:

- the effects of any material changes in the Group’s objectives, activities or regulatory environment;
- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2025;
- in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work completed by the Glasgow City Council’s Chief Internal Auditor in relation to City Building Glasgow;
- Management’s progress to complete agreed audit actions within agreed timescales;
- risks assessed as being outwith risk appetite and management’s assessment of whether additional action was required; and
- whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group’s Internal Audit needs.

### Basis of Opinion

There have been no material changes to the Group’s objectives, activities or regulatory environment during 2024/25.

The internal audit engagements delivered during 2024/25 identified no critical weaknesses in the governance, risk or control framework that would put the achievement of Group objectives at risk except for ongoing weaknesses in City Building Glasgow processes and controls in relation to governance and compliance matters. There continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within these areas.

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

During 2024/25, 6 of 30 risks within the Strategic Risk Register were reported as being outwith risk appetite. These risks were impacted by external factors over which management has limited influence and were reviewed by management and the Group Audit Committee each quarter to determine whether additional action was required.

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2024/25. In giving this opinion, it should be noted that assurance can never be absolute.



# 2. Annual Internal Audit Opinion

## Annual Assurance Opinion Definitions

The different types of Internal Audit opinion which may be given are set out below:

|                       |   |
|-----------------------|---|
| No Assurance          | There are <b>business critical control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year. If not addressed as a priority, these weaknesses could affect the going concern status of one or more Group Subsidiaries.   |
| Limited Assurance     | There are <b>significant control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year, leaving scope for considerable improvement and concern is expressed about the adequacy of controls in mitigating risk to the Group.   |
| Substantial Assurance | There are <b>control weaknesses</b> identified from Group wide Internal Audit reviews undertaken in year. The majority of existing controls and processes accord with accepted good practice and are operating effectively although some deficiencies do exist, which could result in increased risk of loss/failure affecting the achievement of strategic objectives. |
| Full Assurance        | There are <b>no identified control weaknesses</b> identified from any of the Group wide Internal Audit reviews undertaken in year. Operating practices are considered optimised and industry leading, with no identified areas for improvement.   |

## Internal Audit Opinion 2024/25









































*Based on our Group-wide work undertaken in 2024/25 a **substantial level of assurance** can be given that the Group’s governance, risk and control framework is designed to support achievement of relevant organisational objectives and operating effectively, within the Group’s risk appetite. However, some weaknesses in the design or consistent application of controls remain and there were a small number of risks in the Strategic Risk Register that were outwith risk appetite. In particular, there continues to be joint working between the Wheatley Group and Glasgow City Council Chief Executives to improve governance and compliance controls within City Building Glasgow.*

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



# 3. Summary of Work Performed

This section summarises the results of Internal Audit reviews completed during 2024/25. The types of review, control objectives assessment ratings and number of actions by type are defined in Appendix 2.

| Section and Review title                        | Type of review | Relevant Subsidiaries |            |         |         |           |      |      |      |      | Control Objective assessment  | No. of actions by type |        |
|---|----------------|-----------------------|------------|---------|---------|-----------|------|------|------|------|---|------------------------|--------|
|   |                | Care                  | Foundation | Loretto | Lowther | Solutions | WDSL | WH-E | WH-G | WH-S |   |                        |        |
| Development Completion & Post-Completion review | Assurance      |                       |            |         |         |           |      |      |      |      |                      | P - 4                  | CI - 3 |
| W.E. Notify Incident and Accident reporting     | Assurance      |                       |            |         |         |           |      |      |      |      |        | P - 3                  | CI - 6 |
| Faster Payments data analytics                  | Assurance      |                       |            |         |         |           |      |      |      |      |        | N/A                    | CI - 3 |
| Allocations                                     | Assurance      |                       |            |         |         |           |      |      |      |      |         | P - 2                  | CI - 3 |
| Anti-social behaviour                           | Assurance      |                       |            |         |         |           |      |      |      |      |         | N/A                    | CI - 3 |
| Rent credit balances data analytics             | Assurance      |                       |            |         |         |           |      |      |      |      |       | N/A                    | CI - 2 |
| Treasury Management                             | Assurance      |                       |            |         |         |           |      |      |      |      |        | N/A                    | CI - 4 |
| SHR Annual Assurance Statement validation       | Assurance      |                       |            |         |         |           |      |      |      |      | Not applicable  | N/A                    | N/A    |
| CBG Performance Reporting (Note 1)              | Assurance      |                       |            |         |         |           |      |      |      |      | Not applicable  | P - 1                  | N/A    |



### 3. Summary of Work Performed

Continued from previous slide.

| Section and Review title                       | Type of review | Relevant Subsidiaries |            |         |         |           |      |      |      |      | No. of actions by type |        |
|--|----------------|-----------------------|------------|---------|---------|-----------|------|------|------|------|------------------------|--------|
|  |                | Care                  | Foundation | Loretto | Lowther | Solutions | WDSL | WH-E | WH-G | WH-S |                        |        |
| Care Quality Assurance Framework               | Advisory       |                       |            |         |         |           |      |      |      |      | P - 3                  | N/A    |
| Post-Implementation Review                     | Advisory       |                       |            |         |         |           |      |      |      |      | P - 4                  | CI - 1 |
| Frontline RSL assurance checks                 | Advisory       |                       |            |         |         |           |      |      |      |      | N/A                    | CI - 1 |
| CBG Partnership Oversight Board                | Advisory       |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |
| Legislative Compliance mapping                 | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |
| Electrical Testing Certificates data analytics | Focused        |                       |            |         |         |           |      |      |      |      | P - 4                  | CI - 3 |
| Purchase Cards data analytics                  | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | CI - 2 |
| Rent Credit Balances                           | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | CI - 2 |
| Helping Hand data analytics                    | Focused        |                       |            |         |         |           |      |      |      |      | P - 3                  | CI - 0 |
| Payroll data analytics                         | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |
| Repairs data analytics                         | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |
| Gas Safety Certificates data analytics         | Focused        |                       |            |         |         |           |      |      |      |      | P - 1                  | CI - 2 |
| Retained Bond Prospectus review                | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |
| Audit Scotland's NFI project                   | Focused        |                       |            |         |         |           |      |      |      |      | N/A                    | N/A    |

Summaries of all reviews conducted during 2024/25 have previously been reported to the Group Audit Committee and to Subsidiary Boards.



# 3. Summary of Work Performed

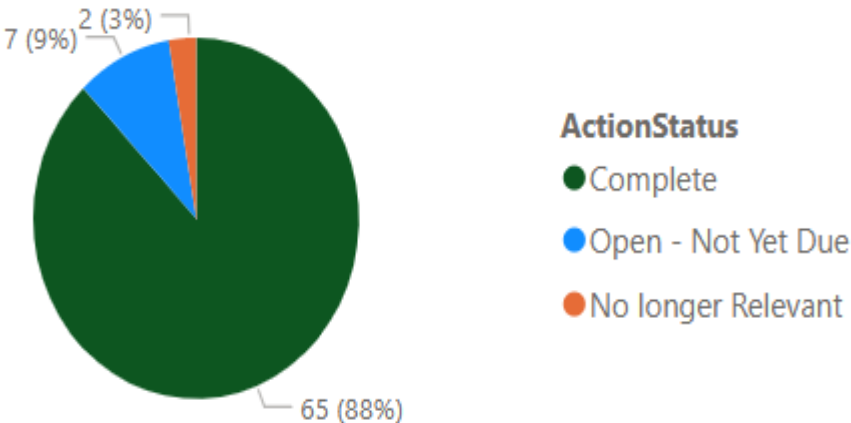
## Follow up of management actions

Internal Audit completes quarterly follow up activity to verify that management have implemented agreed actions. The results are reported to each meeting of the Group Audit Committee, an annual summary of which is shown below.

| Group-wide action status at 31 March 2025  | Actions |
|--|---------|
| Actions brought forward from 31 March 2024 | 14      |
| New actions agreed during 2024/25          | 60      |
| Total Actions followed up during 2024/25   | 74      |

All actions due for completion by 31 March 2025 were complete at the year end and therefore there were no overdue actions to report.

Count of ActionStatus by ActionStatus



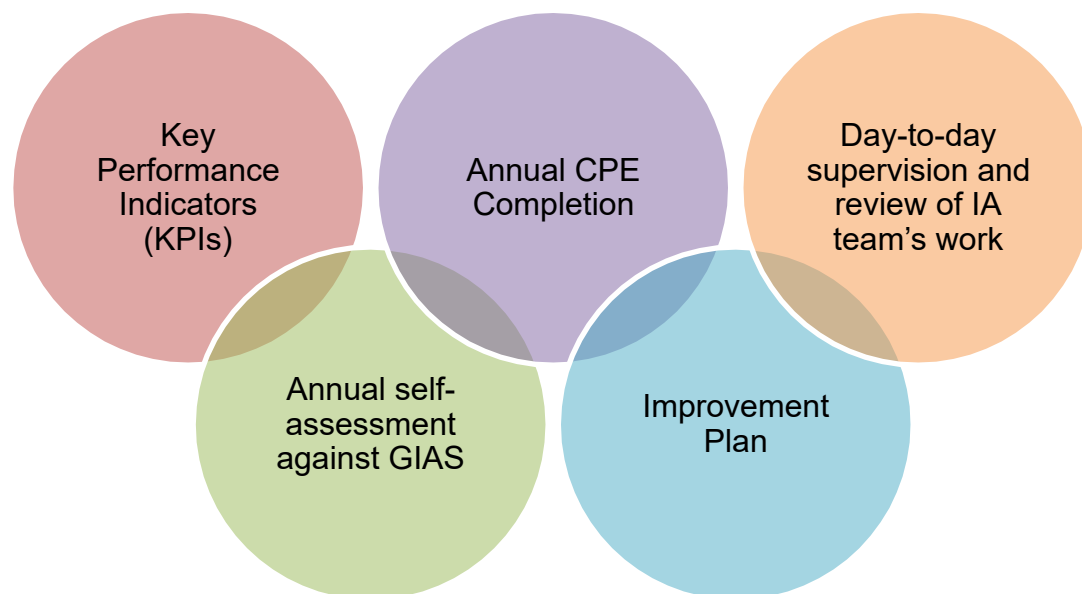


## 4. Quality Assurance and Improvement Programme

The Standards require the Director of Assurance to develop, implement, and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit function. The Group's QAIP consists of internal and external assessments.

### Internal Assessments

The Standards require internal assessments of the IA function's conformance with the Standards and progress towards performance objectives. The Group's internal assessment approach is set out below and the results are set out on the next slides.



### External Assessments

The Standards require that an independent external quality assessment (EQA) is completed at least once every five years, by a qualified, independent assessor or assessment team.

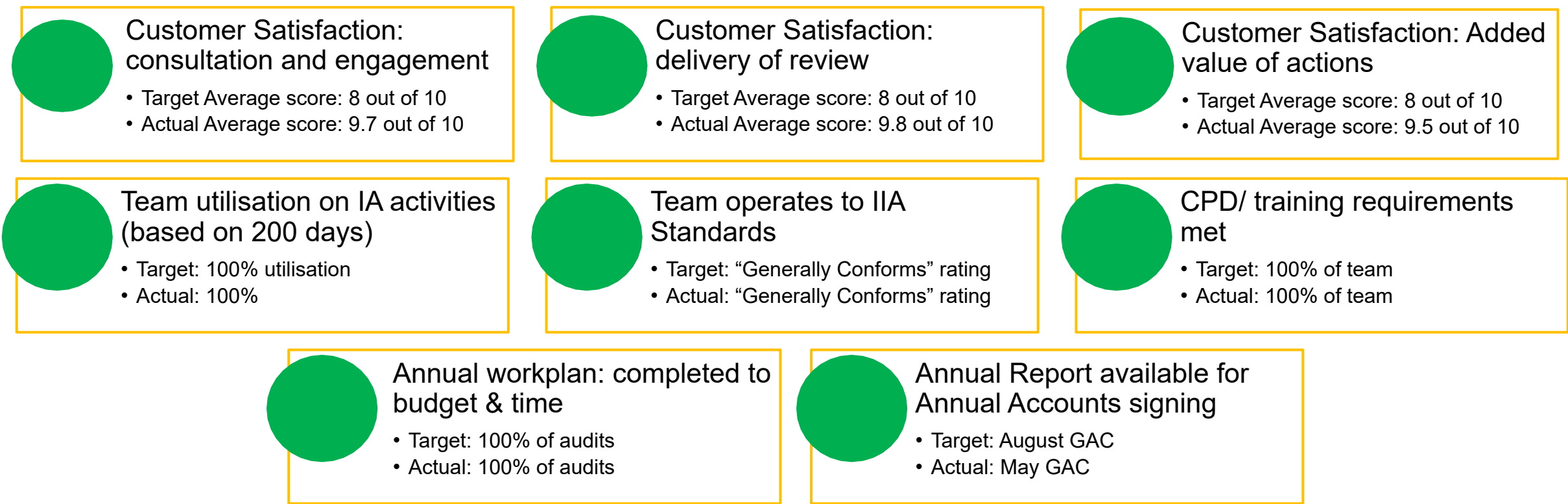
To be qualified, at least one member of the assessment team must hold an active Certified Internal Auditor designation.

The next EQA is due in 2026/27.

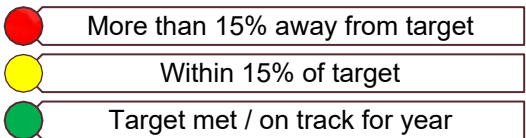


# 4. Quality Assurance and Improvement Programme

The Internal Audit team’s performance against its agreed KPIs for 2024/25 is set out below. The same KPIs are proposed for 2025/26.



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





# 4. Quality Assurance and Improvement Programme

## Annual Self-Assessment against GIAS

The Internal Audit team completed its annual quality self-assessment, using a GIAS toolkit for the first time. In total, the toolkit provides a conformance assessment against 5 domains, 15 principles and 52 standards. In addition, 3 of the domains, 4 of the principles, and 8 of the standards have an additional performance assessment.

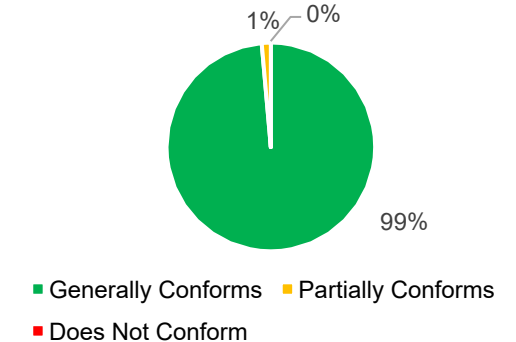
**Conformance results:** We conform in all 5 domains, all 15 principles and 51 out of 52 standards. There was one standard which was assessed as “*partially conforms*”: Standard 9.2 “Internal Audit Strategy”, because work to develop an updated Internal Audit Strategy was in progress at the time of the assessment.

**Performance results:** As above, one domain, one principle and one standard were recorded as having partial performance; all relating to the development of the IA Strategy. The remaining performance assessments were all “*reasonable performance*”, which equates to “*generally conforms*”.

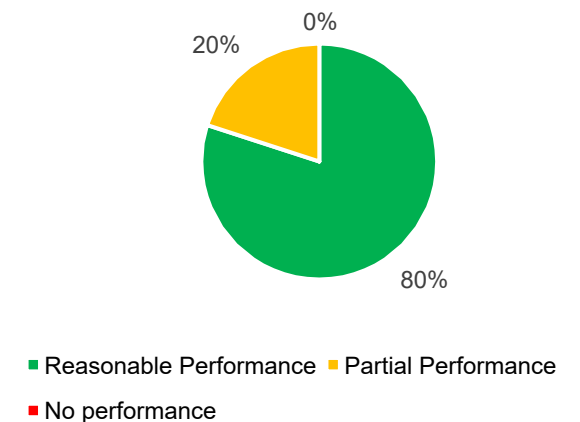
Actions to address the areas of partial conformance/ performance were captured in the Self-Assessment Improvement Plan, a summary of which is set out on the next slide.

Overall, the internal self-assessment rated performance as “**Generally Conforms**”, the highest rating available. Definitions of the ratings available are set out in Appendix 3.

## Conformance Results



## Performance Results





# 4. Quality Assurance and Improvement Programme

## Improvement Plans

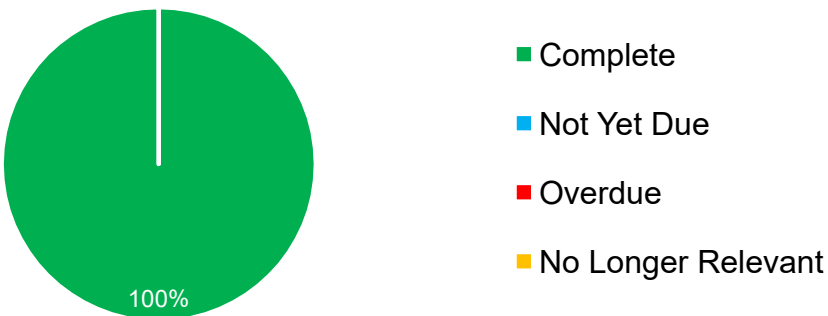
The Internal Audit team has delivered improvements through 3 actions plans during 2024/25:

**The Methodology Improvement Plan:** As reported to the Group Audit Committee in May 2024, the Internal Audit team reviewed its methodology against the new Global Internal Audit Standards, which came into force in January 2025. Six actions arose from that review, which were reported to the Committee until completed. All actions in this plan were completed during 2024/25.

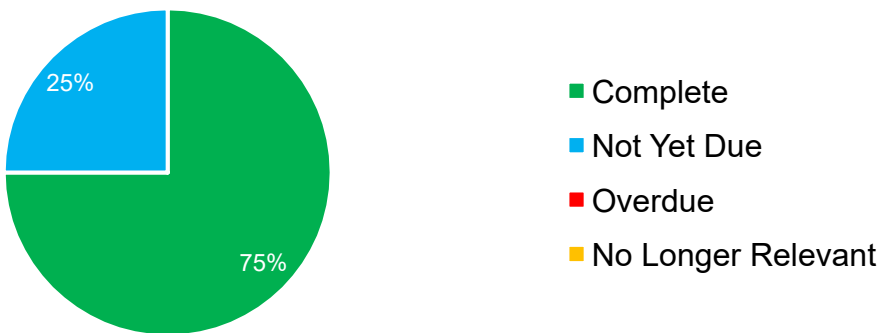
**Self-Assessment Improvement Plan:** Following the completion of the annual self-assessment, eight actions were identified and reported to the Group Audit Committee in January 2025. The status of the incomplete actions is reported to each Group Audit Committee meeting.

**KPI Improvement Plan:** There were no improvement actions arising from the customer feedback forms used to calculate customer satisfaction KPIs set out earlier in this report.

Methodology Improvement Plan



Self-Assessment Improvement Plan





# 5. Disclosures required by Global Internal Audit Standards

As required by the Global Internal Audit Standards, we confirm the following:

|       |  |
|-------|--|
| Green | Objectivity / Independence / Qualifications <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to consider potential impairments to the IA team's independence and objectivity as part of the planning for each engagement. The team also confirms independence annually, and the Director's qualifications and independence are discussed with the Committee annually.</li><li>• There were no impairments to objectivity or independence noted in relation to the reviews completed during 2024/25. All team members completed independence reviews in September 2024, and the Director confirmed all CPD requirements were met in the year, and he had</li></ul> |
| Green | Agreement of Findings <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to report any areas of disagreement with management that have not been resolved during the reporting process.</li><li>• The audit findings in all of the reviews completed in 2024/25 have been agreed with management as factually accurate and management has agreed the actions.</li></ul>  |
| Green | Unmanaged risks <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to highlight any instances where, in his view, management's response to engagement findings leaves the Group facing an unacceptable level of risk.</li><li>• There are no such concerns arising from management's response to the matters raised in 2024/25 reports.</li></ul>   |
| Green | Reporting Errors <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to bring any significant errors or omissions arising from previous reporting to the attention of the Group Audit Committee and senior management.</li><li>• An example of a "significant" error or omission would be where an incorrect control objective rating is provided, or a misleading overall conclusion for an individual engagement.</li><li>• There were no such errors or omissions to report during 2024/25.</li></ul>   |
| Green | Conformance with Standards <ul style="list-style-type: none"><li>• GIAS requires the Director of Assurance to flag any reviews that were not completed in conformance with GIAS</li><li>• All of the reviews completed in 2024/25 were performed in conformance with GIAS.</li><li>• The IA Mandate and Charter are reviewed and approved by the Group Audit Committee every three years, or in the event of any updates being required.</li><li>• They were most recently approved in May 2024 and the triennial review is due in May 2027. The Internal Audit team has confirmed no interim update is required.</li></ul>  |

|       |                          |       |                            |     |                                  |
|-------|--------------------------|-------|----------------------------|-----|----------------------------------|
| Green | No concerns to be raised | Amber | Minor concern to be raised | Red | Significant concern to be raised |
|-------|--------------------------|-------|----------------------------|-----|----------------------------------|



# Appendices



# Appendix 1: Limitations and responsibilities

## Limitations Inherent to the Internal Auditor's Work

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

### Opinion

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

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

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

## Internal Control

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

## Responsibilities of Management and Internal Audit

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

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

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



# Appendix 2: Types of Review and Subsidiaries key



## Wheatley Housing Group Subsidiaries

The table below shows the Wheatley Housing Group subsidiaries to which the Internal Audit team provides internal audit services, along with the shortened form used for this report.

|                            |                                  |                                |  |                   |
|----------------------------|----------------------------------|--------------------------------|--|-------------------|
| Wheatley Homes East (WH-E) | Wheatley Homes Glasgow (WH-G)    | Wheatley Homes South (WH-S)    | Loretto Housing (Loretto)                | Lowther (Lowther) |
| Wheatley Care (Care)       | Wheatley Foundation (Foundation) | Wheatley Solutions (Solutions) | Wheatley Development Scotland Ltd (WDSL) |                   |

Internal audit services for the Group’s joint venture, City Building Glasgow, are provided by the Glasgow City Council internal audit team and the results are reported separately.

## Review Types

The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

|              |   |
|--------------|---|
| Assurance:   | Internal audits, continuous auditing data analysis, validation of management self-assessments. These reviews include an assessment against agreed control objectives within the final report. |
| Advisory:    | Advisory review, project support, investigative data analysis to support development of management information  |
| Focus areas: | controls mapping, pre-inspection visits, fraud investigations   |



# Appendix 2. Definitions of ratings

## Control Objective Classification:

The audit approach involves assessing the risks to the achievement of the control objectives. Controls to mitigate these risks are then identified and tested in terms design, adequacy and operating effectiveness. Where those controls are considered insufficient to mitigate the risks to the achievement of the control objective, the classification will be “red” or “amber”. Where the controls are adequate to mitigate the risks, the classification will be “yellow” or “green”. The classification allocated is based on audit findings and the Director of Assurance’s professional judgement, which will consider the strategic importance of the area under review.

| Red   | Amber  | Yellow  | Green   |
|---|--|---|---|
| <ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective achieved.</li><li>Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective achieved.</li><li>Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.</li></ul> |

## Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.



# Appendix 3: Internal Quality Assessment (IQA) Definitions

The IPPF requires internal audit functions to complete a regular assessment of performance against standards. The Group has agreed that an internal quality assessment (IQA) will be completed annually, except in years when an external quality assessment (EQA) is completed. To assist with preparing for conformance with the new GIAS, an IQA was completed in December 2024, using the IIA's new GIAS-based assessment tool. The table below shows the assessment descriptions, with the highest rating being 'Generally Conforms'.

| Assessment Opinion | Assessment Description   |
|--------------------|--|
| Generally Conforms | The relevant structures, policies, and procedures of the function, as well as the processes by which they are applied, conform with the requirements of the Global Internal Audit Standards 2024 in all material respects. For the Domains and Principles, this means that there is general conformance to a majority of the Standards (Requirements). There may be significant opportunities for improvement, but these must not represent situations where the function has not implemented the Principles and/or Standards (Requirements), has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc. |
| Partially Conforms | The function is making good-faith efforts to conform with the overarching requirements of the Global Internal Audit Standards 2024 i.e. Principles and Standards (Requirements), but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the elements of the Global Internal Audit Standards 2024 i.e. the Principles and Standards (Requirements) and achieving their objectives. Some deficiencies may be beyond the control of the function and may result in recommendations to senior management or the board of the organisation.   |
| Does not Conform   | The function is neither aware of nor making good-faith efforts to conform, with, or is failing to achieve many/all of the objectives of the Global Internal Audit Standards which includes the Principles and the Standards (Requirements). These deficiencies will usually have a significant negative impact on the function's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.  |
| Not Applicable     | The function is unable to comply with the requirements of the Global Internal Audit Standards 2024 due to circumstances outside of its control, such as internal audit team size and/or regulatory/legal requirements.   |







# Assurance Update


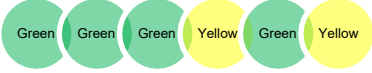
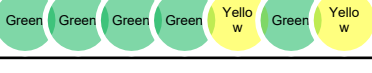

## 21 August 2025

***Ranald Brown***  
*Director of Assurance*



# 1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity completed during this period. Follow-Up activity is summarised at section 10 and the types of review, control objectives assessment ratings and number of actions by type are defined in Appendices 1 and 2.

| Section and Review title   | Type of review | Relevant Subsidiaries |            |         |         |           |      |      |      |      | Control Objective assessment  | No. of actions by type |        |
|--|----------------|-----------------------|------------|---------|---------|-----------|------|------|------|------|---|------------------------|--------|
|  |                | Care                  | Foundation | Loretto | Lowther | Solutions | WDSL | WH-E | WH-G | WH-S |   |                        |        |
| 2 – Allocations  | Assurance      |                       |            |         |         |           |      |      |      |      |  | P – 2                  | CI - 3 |
| 3 – Anti-Social Behaviour  | Assurance      |                       |            |         |         |           |      |      |      |      |  | N/A                    | CI - 3 |
| 4 – Treasury Management  | Assurance      |                       |            |         |         |           |      |      |      |      |  | N/A                    | CI - 4 |
| 5 – Frontline RSL assurance checks                               | Advisory       |                       |            |         |         |           |      |      |      |      | Not applicable  | N/A                    | CI - 1 |
| 6 – Rent Credit Balances data analytics                          | Assurance      |                       |            |         |         |           |      |      |      |      |  | N/A                    | CI - 2 |
| 7 – Payroll data analytics                                       | Focused        |                       |            |         |         |           |      |      |      |      | Not applicable  | Not applicable         |        |
| 8 – Gas Safety Certificates data analytics                       | Focused        |                       |            |         |         |           |      |      |      |      | Not applicable  | P – 1                  | CI - 2 |
| 9 – Repairs data analytics                                       | Focused        |                       |            |         |         |           |      |      |      |      | Not applicable  | N/A                    | N/A    |
| CBG Performance Reporting (jointly with GCC) – <i>For info'n</i> | Assurance      |                       |            |         |         |           |      |      |      |      | Not applicable  | P – 1                  | N/A    |



## 2. Allocations

### Report Conclusion

The Housing (Scotland) Act 2014 sets out the legal framework for social housing lists and allocations and rules on priority of allocation of housing. RSLs must also comply with standards set by the Scottish Housing Regulator. MyHousing is the Group's online housing information, advice and letting service for RSLs and Lowther. It lets customers register, search for a home and note an interest online.

WH - South uses MyHousing to host Homes4D&G, the common housing register (CHR) for Dumfries and Galloway. WH - East uses EdIndex, the CHR led by the City of Edinburgh Council, for properties in Edinburgh. This review only considered controls over EdIndex that are owned by WH – East.

We reviewed the allocations processes in place across the Group's Housing subsidiaries and Lowther to assess whether controls were operating as designed.

We found that, in general, the processes in place are operating effectively. The MyHousing system provides automated controls that facilitate the allocation process and there are manual controls in place

that provide oversight in relation to the required manual overrides to the system, for example allocation of individuals to Band A (strategic housing need) and Band B (homelessness).

The Group meets regularly with the system supplier and there are appropriate controls in place to manage the contract, including business continuity plans and regular assessments of data and cyber security controls.

We identified two priority areas for consideration by management and three continuous improvement opportunities. The priority areas relate to improving consistency of storage of documents that support band awards and property allocation for RSLs, and providing improved guidance to Lowther staff to support the assessment of the extent to which applicants meet Lowther's letting criteria.



# 2. Allocations

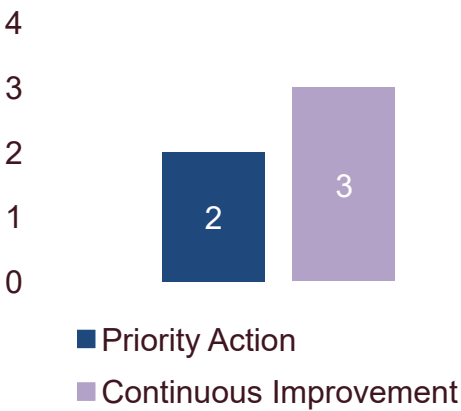
## Control Objective Classification

|        |  |
|--------|--|
| Green  | The Group Housing Information, Advice and Letting Policy Framework and Model Policy meets legislative and regulatory requirements;   |
| Green  | Customer data stored by the Group is accurate, held securely, and deleted in line with agreed retention periods;   |
| Green  | Properties are accessible to all customers, and published advert timescales are followed to ensure all customers have a fair opportunity to submit notes of interest;                              |
| Yellow | Matching and selections are accurate, aligned to policy, and free from manipulation; and the housing verification process is followed before the tenancy agreement is signed;                      |
| Green  | Decisions to house customers in Band A (exceptional need/management transfer) are made in line with policy, adequately evidenced, and subject to review;   |
| Green  | The MyHousing contract is actively managed to confirm cyber security controls are operating effectively, including user access reviews, vendor security assessments and business continuity plans. |

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions





## 2. Allocations

### Areas of Good Practice

- ✓ The Group's Housing Information, Advice and Letting Policy Framework and Model Policy is subject to annual review by the Homelessness and Letting Lead.
- ✓ The MyHousing contract is actively managed, with minuted meetings held weekly with the supplier and required actions/issues recorded in a formal action log. There is an annual review of the supplier's data protection and cyber security arrangements.
- ✓ There is a Letting and Homelessness Business Continuity Management Plan which is subject to annual review by the Management Director of Wheatley Homes East who is the Allocation lead for the Group RSLs.
- ✓ System access to MyHousing is reviewed and updated weekly from the WeSupport movers, leaver and joiners report.
- ✓ Controls are in place to confirm the accuracy of customer data, including a weekly review of incomplete applications, and a system-generated annual prompt to all applicants to review and, of required, update their data on MyHousing.
- ✓ There is a regular manual review of Cancelled and Housed application forms in MyHousing to confirm they are deleted in line with the Housing Retention Policy.
- ✓ MyHousing provides a full audit trail of all interaction made by staff, customer and system updates.
- ✓ Applicants can access letting properties from the Group, RSLs and Lowther websites to make notes of interest and an autobid function is available within MyHousing for applicants unable to use the system independently. This function registers notes of interests on relevant properties on the applicant's behalf.
- ✓ The quality and banding of all published adverts are subject to formal review by the Housing Access Team (HAT) for WHG and WHE before publication, with proposed changes to any adverts requiring updated being shared with housing officers and managers. For WHS, the HAT meets housing officers weekly to discuss advert bandings.
- ✓ Housing managers are issued with monthly reports relating to Band A award applications, suspended application and applicants on the transfer list, for review and amendment, if required.



## 2. Allocations

### Priority Actions

- We tested a sample of 30 Band A and Band B allocations for RSLs. While we found no evidence to suggest inappropriate allocations had been made, our testing identified inconsistencies in the availability of documentation to support application decisions, both in terms of which documents were available and where they were stored.  
**Management Response:** *We will work with Housing management to clarify the guidance on the documentation that should be stored within MyHousing to support the allocation decisions. (Due date 31/03/25)*
- We tested a sample of 5 lets for Lowther properties, including 2 MMR and 3 FMR properties. We found that there was not always sufficient documentation available on file to show that the applicant has met the criteria, including in the Lowther letting policy.  
**Management Response:** *i) We will provide additional guidance for staff to confirm that it covers all information that should be reviewed when considering whether applications meet the eligibility criteria as well as further detail on documentation standards. ii) We will also review our policy and guidance to consider whether the existing eligibility criteria remain appropriate. Due dates: i) 28/02/25; ii) 31/05/25*



## 2. Allocations

### Continuous Improvement Opportunities

- MyHousing has the functionality to generate an exception report that details all instances in which the system-generated application bands (based on the applicant assessment form) have been manually overridden by a member of staff. However, this report is not currently part of the Group's MyHousing reports. There is an opportunity to create a report from MyHousing which would highlight all application bands which had been overridden in the month.

**Management Response:** *We will work with Home Connections to determine whether an Allocations Application Banding Override report can be created. If this can be created, we will review the report on a monthly basis to identify any unusual activity. LHDs/HOH will be asked to confirm that use of the manual overrides are in line with known changes. (Due date 30/09/25 – due to contractor timescales)*

- Testing of MyHousing retention identified 3 instances where the application records appeared to have been retained for longer than necessary. Management's subsequent investigation identified that the applications are correctly recorded in the system. However, the

MyHousing report used for the testing appears to have extracted the dates incorrectly from the system. There is currently a manual review of the records flagged for deletion each week, which provides comfort that this is not a wide-spread issue within the report.

**Management Response:** *We immediately raised this issue with Home Connections, who are investigating the reason for the errors in the reports. We will continue to follow this up with Home Connections and, if required, implement a fix. (Due date 31/03/25)*

- In November 2024, Lowther started using the Group's MyHousing allocation management system to manage its online letting process. As this happened after the annual review of the Letting Policy in June 2024, the Policy does not explain that applicants should use MyHousing to apply for a property.

**Management Response:** *We will update Lowther Policy to reflect the use of MyHousing to process Lowther's applications. (Due date 31/05/25)*



### 3. Anti-Social Behaviour

#### Report Conclusion

The legislative framework that governs how Registered Social Landlords (RSLs) interpret and manage Anti-social Behaviour (ASB) is outlined within the Anti-social Behaviour (Scotland) Act 2004 and the Housing (Scotland) Act 2001. The Scottish Housing Regulator also requires RSLs to report on 2 specific ASB indicators within the Annual Return on the Charter each year.

The Group has identified managing ASB as a strategic priority, with an aim of delivering safe, calm and peaceful neighbourhoods where people want to live. To facilitate achievement of this objective, the Group developed an Anti-social Behaviour Prevention Framework, which was launched with a new operating model, 'Prevention and Solutions' in December 2023. The operating model replicates the public health approach towards policing, where the Community Improvement Partnership (CIP) team try to understand the causes of anti-social behaviour to address it and prevent any repeat incidents.

The Group's ASB processes are supported with use of the "Safer Communities" system, which allows frontline Housing Officers and the CIP team to record and manage incidents and delivers ASB management information.

This review assessed the extent to which the revised ASB processes have been implemented consistently across the Group. This included the use of the Safer Communities IT system and sample testing of Category A and B ASB reports. The review is relevant to RSLs only, due to the differing regulatory requirements between the RSLs and Lowther in relation to ASB.

Our review concluded that there are strong controls in place, such as policies and procedures are aligned with the relevant legislation and appropriate training has been provided. We identified three continuous improvement opportunities to further strengthen the control environment, which management has agreed to action. These include strengthening the quality assurance process to ensure all ASB cases are recorded and managed correctly, establishing retention policies for Safer Communities system and introducing a regular review and update of Data Privacy Impact Assessment (DPIA).



# 3. Anti-Social Behaviour

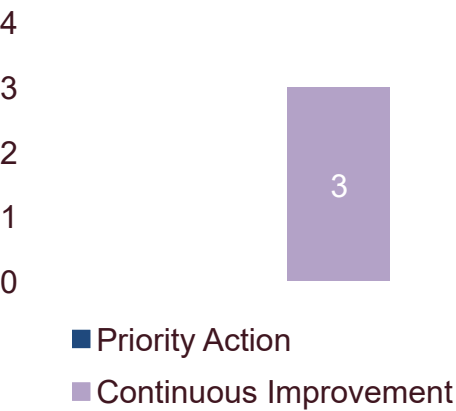
## Control Objective Classification

|        |  |
|--------|--|
| Green  | The Group Anti-social Behaviour Prevention Framework and RSL Policies and procedures meet legislative and regulatory requirements, and are accessible to staff and customers;                              |
| Green  | All relevant staff have completed training and can access guidance on the Group's ASB processes and procedures including use of Safer Communities;   |
| Green  | Category A and B ASB cases are accurately recorded and managed in Safer Communities in line with the Group's policy and procedures, including the use of appropriate escalation routes;                    |
| Yellow | Customer data stored by the Group and third parties acting in partnership with Group is accurate, held securely, and deleted in line with agreed retention policies;                                       |
| Green  | ASB reporting is complete, accurate, and designed to demonstrate delivery of the Group's Strategic objectives;   |
| Yellow | The Safer Communities contract is actively managed to confirm cyber security controls are operating effectively, including user access reviews, vendor security assessments and business continuity plans. |

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions





### 3. Anti-Social Behaviour

#### Areas of Good Practice

- ✓ The Group Anti-Social Behaviour Prevention Framework and RSL policies and procedures are aligned with the relevant legislation, and are available to all staff on PolicyHub, and customers on Group and RSL websites.
- ✓ Detailed ASB Training has been provided to ASBIP Officers, Frontline Housing Officers and CFC staff to support appropriate management of cases.
- ✓ Overall, ASB processes are adhered to by ASBIP Officers and Frontline Staff in the recording and management of ASB cases, including actions, narrative notes and secure evidence storage.
- ✓ The ASB Toolkit clearly defines the ASB process, including the importance of providing support, definitions of ASB categories, and possible enforcement actions.
- ✓ The CIP team is in the process of formalising ASB quality assurance processes to support improvement and development across RSLs, with actions taken to resolve any findings identified.
- ✓ There is active management of cases, through Safer Communities dashboards and weekly case status reports produced by the CIP Compliance Officer, which are circulated to ASB Leads and Locality Directors for discussion and monitoring.
- ✓ Clear, measurable ASB targets have been set, which are aligned to the Group's Strategy and regulatory reporting requirements for the Annual Return on the Charter.
- ✓ Management information from partnership working is used to assist in identifying trends in communities and implement targeted support where required.
- ✓ The Policy and Performance Officer is in the process of implementing a monthly review of Safer Communities users by performing a reconciliation between user access reports and user access matrix to ensure that access is appropriate and in line with permission profiles.



### 3. Anti-Social Behaviour

#### Continuous Improvement Opportunities

- We identified a small number of cases (0.5%) where the incident issue and category appeared mismatched. The daily review of cases introduced in August 2024 to identify and correct such mismatches did not operate effectively at times when the staff member responsible was not at work. These mismatches do not impact individual outcomes, as the same process is followed, but may be reflected in management reporting. During the course of the fieldwork, management reviewed all of the mismatches in our analysis as part of the quality assurance process for year end ASB reporting and ARC submissions.  
**Management Response:** *We have identified additional team members who will be trained to complete existing daily checks. In addition, we will implement a monthly quality assurance review of a sample of cases to provide additional assurance that any mismatched cases have been identified and corrected. (Due date 31/05/25)*
- Currently, the Wheatley 360 retention schedule does not reflect the Safer Communities platform.  
**Management Response:** *We will undertake a review of the W360 retention schedule by 30<sup>th</sup> April which will be further strengthened by an annual review thereafter to ensure that it reflects current practice and ensure that information is held in line with the schedule. (Due date 31/05/25)*
- While it is good practice to perform an annual review of DPIA, there is not currently a defined process in place for the regular review and update of the Safer Communities DPIA, which has not been updated since September 2023.  
**Management Response:** *We will establish a process for the regular review and refresh of DPIA and VSAF to reflect any changes in processes and schedule an annual review to ensure that this is in line with best practice. (Due date 31/05/25)*



## 4. Treasury Management

### Report Conclusion

The Treasury Management function has a key role in supporting the achievement of the Group's strategic objectives through provision of a strong funding platform to facilitate efficient growth and maintenance of a strong credit rating from the S&P credit rating agency. As a result, it is important that the Treasury Management processes, including cash management and covenant reporting are adequately designed and operating effectively.

This review assessed the extent to which controls in place to manage the Treasury Management function were adequately designed and operating effectively. Our review concluded that there are strong controls in place, such as segregation of duties being enforced through banking controls for all transactions; and regular, detailed reporting to Board on Treasury activities.

We identified four continuous improvement opportunities to further strengthen the control environment; which management has agreed to action. These include mitigating the risk of key person failure by developing additional guidance in relation to complex or infrequent tasks typically carried out by one person; introducing additional checks to confirm the completeness and accuracy of documents used for

Board and covenant reporting; and formally scheduling the currently ad hoc reviews of i) user access to online banking system and ii) the application of the team's retention schedule.



# 4. Treasury Management

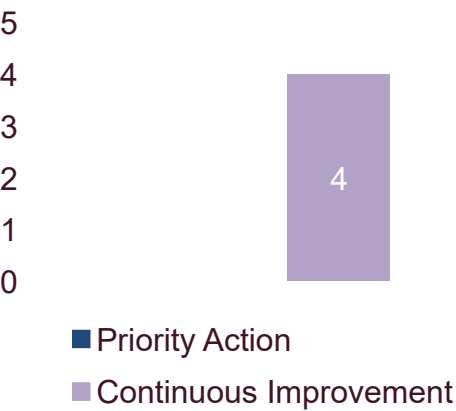
## Control Objective Classification

|        |   |
|--------|---|
| Green  | The Group's Treasury Management Policy and supporting documentation are aligned to the CIPFA best practice guidance and are consistent with the Group's Standing Orders & Scheme of Financial Delegation; |
| Green  | Investments are managed to preserve capital and maximise return within the liquidity and risk appetite limits set by Group Board;   |
| Green  | Debt instruments are managed within Golden Rules, risk appetite limits set by Group and Subsidiary Board and covenant requirements;   |
| Green  | The Group's cashflow position is closely monitored, with contingency arrangements in place should it fall below an acceptable level;  |
| Yellow | Group Board receives regular and accurate updates on Treasury management performance against target to allow for appropriate scrutiny;  |
| Green  | Where sustainability targets are embedded within the Group's financing arrangements, we are able to provide accurate and complete evidence to demonstrate achievement of these targets; and               |
| Yellow | There are adequate fraud prevention controls in place, such as segregation of duties and restricted access to Treasury systems and information.   |

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions





## 4. Treasury Management

### Areas of Good Practice

- ✓ The Treasury team deposits excess cash into the Group's Money Market Fund (MMF) accounts, earning the Group £880K in interest payments between 1<sup>st</sup> January 2024 and 28<sup>th</sup> February 2025.
- ✓ Treasury updates prepared for Group Board provide detailed information to allow adequate scrutiny of key Treasury information and to inform decision making.
- ✓ Dual authorisation is required for every transaction processed in the Group's online banking portals, enforcing segregation of duties on all transactions irrespective of the value.
- ✓ The Treasury team is in the process of updating source data spreadsheets (such as the Borrowings spreadsheet and Valuations dashboard) to develop more automated summaries and graphs, reducing the need for manual interventions and reducing key person dependencies.
- ✓ Appropriate signatories were obtained and supporting documentation saved as evidence for the sample of 5 MMF subscriptions reviewed.
- ✓ The Treasury team members develop and maintain their professional knowledge by attending external webinars run by funders / other external stakeholders covering a range of topics such as fraud and the current economic climate.
- ✓ Confidential project folders held within the Treasury SharePoint site are restricted to only required users (i.e. not all Treasury team staff), ensuring that insider trading regulations are not breached.



## 4. Treasury Management

### Continuous Improvement Opportunities

- The Treasury team is completing a scheduled triennial review of the Group Treasury Management Policy (GTMP). There is an opportunity to supplement this with additional guidance for activities that are more complex or infrequent, which are usually completed by only one team member.

**Management Response:** *The revised GTMP will be presented to the Group Board for consideration and approval in June 2025. We will develop more detailed supporting documentation for those areas where there is a single person reliance risk or tasks that are complex or infrequent by 31 August 2025. (Due date 31/08/25)*

- While they did not impact on covenant reporting, our review of the spreadsheets and supporting documents used to facilitate Board and covenant reporting identified a small number of housekeeping matters relating to quality control of these documents.

**Management Response:** *We will introduce a scheduled task to review the completeness and accuracy of covenant reporting documents. We will review Treasury spreadsheets to identify additional system controls to be added, such as protected cells to minimise the risk of manual errors, without impacting the overall*

*functionality of the spreadsheet. (Due date 30/06/25)*

- The Treasury team manages user access to the Group's online banking portals. Updates to access are made when an instruction from a line manager is received. There is no regularly scheduled review of user access.

**Management Response:** *We will liaise with the Group's banks to clarify and document our understanding of the access rights associated with the different user access levels the banks offer, and the available user access audit reports. We will schedule a quarterly review of user access. (Due date 30/06/25)*

- Currently, review of the Treasury retention schedule and the Treasury SharePoint site to confirm documents are held in line with the retention schedule is ad hoc.

**Management Response:** *We will schedule an annual task to review of the Treasury elements of the Finance retention schedule and the Treasury SharePoint site to ensure documents held there are retained in line with the retention schedule. (Due date 30/06/25)*



# 5. Frontline Housing Assurance Checks

## Report Conclusion

This advisory review has considered the arrangements in place to give Managing Directors (RSLs), Locality Directors and Heads of Housing comfort that frontline housing staff are operating as expected and following the policies and procedures in place. At the start of the review, management advised that they were aware that assurance checks required review to determine whether additional checks should be introduced.

The review has been completed in stages, and we provided an interim update to the Group Audit Committee in January 2025, outlining work completed to date, and remaining activity to be completed. During this final stage of the review, we met with the RSL MDs and agreed a “shortlist” of areas where additional controls or additional performance reporting may be able to provide desired assurance. The list included specific aspects of the selection, letting, and end of tenancy processes, and RSL records management arrangements.

Our interim update noted that much of the assurance currently available to Locality Housing Directors/ Heads of Housing comes from reviewing of performance reports and PowerBI dashboards, holding structured meetings with their team and routinely reviewing and discussing cases with team members. While this is mostly informal assurance, it is embedded in day-to-day business as usual activity, including visual measure boards and 1-2-1 discussions. Some assurance checks are also completed on behalf of RSLs by other teams including the Business Improvement Team and other Solutions teams.

In this final stage of the review, we have worked with the Business Improvement Team to understand their plans to implement checks and confirmed that the team will include checks across the priority areas shortlisted by the RSL MDs. Frontline Housing staff should now work with the Business Improvement Team to agree the specifics of these checks and determine what will be possible to implement in the short-term, and any actions required to enable the development of checks in the longer-term.

To help inform the design of the new checks, this report sets out the desired comfort, potential challenges or barriers to obtaining this comfort in the short-term, and questions or decisions that should be considered by RSL management and the Business Improvement team for each of the shortlisted areas.

We also completed a detailed examination of ASTRA data fields to understand data collected in this system and have identified opportunities for use of this data to provide additional comfort over the shortlisted areas. For example, we have highlighted opportunities where data analytics could be used to provide additional oversight using the data already held in system.

We have not tested any of the controls in place and have not provided a conclusion on the adequacy or effectiveness of the control arrangements in place. The final baseline assessment reflects management’s judgement on their required level of comfort, and how it is obtained.

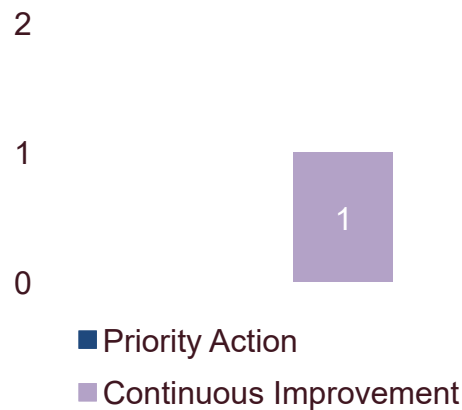


# 5. Frontline Housing Assurance Checks

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions



## Good practice

- We worked with RSL management to develop a baseline of areas where management identified that they have, or would like to have, comfort over frontline activity. The resulting baseline contains 20 areas of activity. We have been told that 16 of these have existing controls in place and the RSL MDs are satisfied with the level of comfort they receive over these areas.
- The RSL MDs have identified 4 areas of activity where they would like additional comfort. These are specific aspects of wider processes which would benefit from additional oversight.
- The Business Improvement Manager is developing a revised programme of frontline assurance checks and has agreed that the areas shortlisted by the RSL MDs should be included in this.
- The Business Improvement Team has sought advice from the Assurance Team on opportunities to improve the design and effectiveness of the frontline assurance checks. This report sets out recommended good practice, potential challenges and questions for both RSL MDs and the Business Improvement team to consider within the development of these checks.



## 5. Frontline Housing Assurance Checks

### Continuous Improvement Opportunities

- The Business Improvement Manager is developing a revised programme of frontline assurance checks and has agreed that the areas shortlisted by the RSL MDs will be included in this. To ensure that the resulting checks will meet their assurance needs, the RSL MDs, or their nominated officers, should work with the Business Improvement Team to agree the design and scope of the checks.

**Management Response:** *We will identify representatives from Communities of Excellence to work with the Business Improvement Manager to design proposed assurance checks across the shortlisted areas. Details of the proposed checks and/or the action plan to deliver desired checks will then be presented to the Housing DMT for agreement. This will include agreed roles and responsibilities for monitoring the results of the checks, and developing any actions required to drive improvement within the Frontline Housing processes in response.*

*(Due date 31/07/25)*



## 6. Rent Credit Balances Data Analytics

### Report Conclusion

We have completed an annual analytics-based review of rent credit balances, which has included follow up of two improvement actions arising from the previous review of these balances.

We also ran the analysis of credit balances for each RSL and Lowther and assessed the progress of management's investigation of large or long-outstanding balances.

We found that management has reviewed and updated processes for the management of both former and current credit balances. These processes are complex because it can be difficult to determine to whom the credit balances is due.

This is particularly the case for tenants receiving Universal Credit: as overpayments that may initially appear to be due to DWP may already have been claimed back by DWP directly from the tenant. In these cases, the credit would be due to the tenant. Management has been liaising with DWP to agree a process for reviewing these balances but has faced challenges in obtaining engagement from the appropriate teams within DWP.

These complexities are reflected in the analysis of rent credit balances, summarised on the next slide. This highlights that the majority of the balances are less than £999 and most between £200 to £336.

Management has developed new codes for use in Astra (the Group's customer relationship management system) in relation to tracing former tenants with credit balances. The codes are in the testing stage and will allow the Group to monitor and report on former tenant credit balances in more detail. This work addresses the two improvement action points we followed up.

We identified two further continuous improvement opportunities during this review, relating to the treatment of former tenant credit balances where a recipient for the credit cannot be traced.



## 6. Rent Credit Balances Data Analytics

### Summary of data analysis

In March 2025, there were 45,684 (38,751 at June 2024) accounts with credit balances totalling £11.6m (£9m) across all RSL subsidiaries and Lowther. These included 18,701 (12,437) current tenant accounts with credit balances totalling £6.3m (£4.1m) , and 26,983 (26,314) former tenant accounts with credit balances totalling £5.4m (£4.9m).

The tables below show that for both current and former tenant arrears, the vast majority are for £999 or less, with the average credit balances being £336 for current tenants and £200 for former tenants. It should also be highlighted that 94% of the current tenant credit balances are balances less that £999; this is reflective of work to manage arrears as the Group promotes the approach of having paid rent for a period in advance, rather than poor management of credit balances.

#### Current Tenants

| Value of credit balance                     | Number of credit balances | % of total credit balances |
|---|---------------------------|----------------------------|
| £999 or less (i.e. routine working balance) | 17,574                    | 94%                        |
| £1,000 to £9,999                            | 1,112                     | 6%                         |
| £10,000 or more                             | 15                        | 0%                         |
| Total                                       | 18,701                    | 100%                       |

#### Former Tenants

| Value of credit balance                     | Number of credit balances | % of total credit balances |
|---|---------------------------|----------------------------|
| £999 or less (i.e. routine working balance) | 26,101                    | 97%                        |
| £1,000 to £9,999                            | 867                       | 3%                         |
| £10,000 or more                             | 15                        | 0%                         |
| Total                                       | 26,983                    | 100%                       |

Fourteen of the fifteen current tenant balances with a value of more than £10,000 relate to customers with universal credit or housing benefit markers on their account; reflecting the challenges involved with making re-payments to DwP or Local Authorities. The remaining balance relates to an intensive housing management case where the agency pays the rent annually and in advance.



# 6. Rent Credit Balances Data Analytics

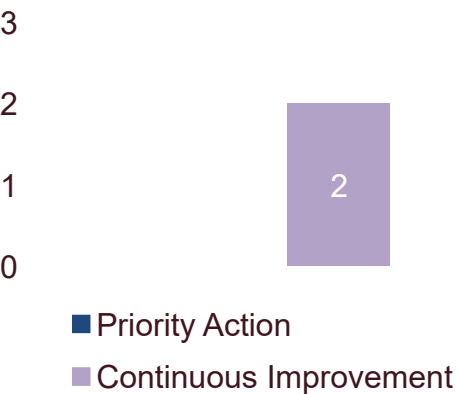
## Control Objective Classification

|        |   |
|--------|---|
| Yellow | There is an agreed policy for the treatment of former tenant credit balances, which has been implemented by staff;  |
| Yellow | Credit rent balances are regularly reviewed by Housing teams for both current and former tenants;   |
| Green  | Credit balances that are greater than the accepted “working balances” (equivalent to two months’ rent) identified and investigated to determine whether any action is required; and |
| Green  | Identified actions have been monitored to confirm they are completed within agreed timelines.   |

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions





## 6. Rent Credit Balances Data Analytics

### Continuous Improvement Opportunities

- A process for investigation of former tenant credit balances, supported by additional coding in NEC to identify the creditor to whom the balance is owed (eg customer or DWP) has been drafted. The additional codes are currently in testing. Management should finalise the updated procedures, including actions relating to treatment of credit balances where the recipient cannot be traced.

**Management Response:** *We will liaise with colleagues in Legal, Treasury and Finance to consider a process relating to the treatment of credit balances where the recipient cannot be traced. Once a process has been agreed, we will then agree a timetable for updating the former tenant credit balance process to reflect the decision made and then issuing it to staff. (Due date 31/07/25)*

- Management should agree a plan for review of existing former tenant credit balances, in line with the revised procedures outlined above, to reduce the overall credit balance figure in the medium to long term. This could be completed as a staged process, to be monitored through the Rent CoE.

**Management Response:** *We will develop a long-term plan for assessing the historic former tenant balances. Delivery of the plan will be completed as a staged process, which will be monitored through the Rent CoE. (Due date 31/09/25 for development of the plan)*

### Summary of changes to processes

- ✓ Additional codes have been developed for use in NEC to clarify the status of former tenant credit balances. These align to the stages in the draft guidance developed for staff.
- ✓ Management has developed a draft former tenant credit balance procedure to facilitate the progression of balances through this investigation process.
- ✓ Power Bi reporting is being developed to provide management with oversight of the number of credit accounts, value of these accounts and outcomes of investigations (e.g. due back to customer/LA/DWP).
- ✓ Current tenant credit balances largely relate to working balances of less than £1,000, with the average value being £336. This reflects the successful application of the Group's approach to arrears management.



# 7. Payroll Data Analytics

## Report Conclusion

The Internal Audit team previously worked with the Payroll team to develop and embed a continuous audit approach using the data analytics tool IDEA. The results were reported to the Group Audit Committee quarterly to the end of 2023/24 with no issues identified. From 2024/25 it was agreed that these checks would be completed on an annual cycle. We have now completed the annual analytics checks for all Group payrolls completed in 2024/25 to date and have found no issues.

This focused annual review covered payments made through the payroll system 'Access' between 6 April and 29 November 2024. We used our data analytics tool IDEA to run automated tests on Payroll data extracted from the Access system. We then compared potential exceptions with records of payroll changes, remuneration reports and rule infringement reports held by the Payroll team. We confirmed that these potential exceptions were explained within the Payroll team's existing reporting and that no further action was required.

The continuous analytics approach is focused on specific risks within the payroll process and includes checks for duplicate payments, ghost employees and other indicators of fraud. It does not cover the end-to-end Payroll process or give assurance over the adequacy of all controls in place within the Payroll process.

### *Summary of findings*

Our analysis of 2024/25 Payroll data to date found:

- 7 unique employee number appeared on more than one payroll. These were 7 employees who changed role during the period and moved from the two weekly to four weekly payroll;
- 16 employee bank account numbers appeared on two different payrolls, and 24 employee bank account numbers were used by more than one employee. These related to staff who changed payroll or were reemployed in a new role within the period, staff with joint bank accounts, and one member of staff who is employed in two separate positions. None of these bank accounts belong to a member of the Payroll team;
- 81 records where the employee received either zero or negative Gross and/or Net pay in the period. These related to leavers, sickness absence with no pay, maternity leave with no pay, and relief staff.

As there have been no changes to the Payroll process following the CIPHR upgrade, we did not identify any opportunities to improve the efficiency or scope of the existing continuous audit approach at this time.



# 7. Payroll Data Analytics

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

*The review is applicable to all Group subsidiaries except Wheatley Development Scotland Ltd which has no payrolled employees. Expenses and Overtime payments will be covered in a separate review.*

## Number of Actions

*We identified no priority actions or areas for improvement during this focused review.*

Areas of Good Practice

✓

All payroll records required to complete the continuous audit approach were available for testing;

✓

Rule infringement reports are run by the Payroll team ahead of each pay run and show evidence of review, with reasons for exceptions recorded;

✓

Changes spreadsheets are used to record and manage all changes required to each Payroll including details of new starts, leavers, changes to roles, changes to cost centers, and planned periods of leave. These spreadsheets contain a record of who has processed each change and who it has been checked by.

✓

We were able to reconcile the potential exceptions flagged during our analytics testing to the records maintained by the Payroll team and found no issues with the accuracy or completeness of the records used during our testing.



# 8. Gas Safety Certificates Data Analysis

## Report Conclusion

This review used data held in the Group systems to assess the completeness and accuracy of gas safety reporting for the Group RSLs and Lowther. Gas Servicing information is held differently across the East, South and West of the Group in line with local systems and processes:

- In the West, gas service records are recorded within the City Building system Servitor, then transfer into iWorld, the housing management system, with completion dates and certificates also recorded in PIMSS.
- In the East prior to April 2024 gas service certificates were manual and records were held in Genero and iWorld. Since April 2024, electronic records of completion have been stored in Servitor.
- In the South, all gas servicing information is held in Servitor.

These different approaches mean that there are differences in the gas servicing reports available to management. A strategic project is currently being scoped to design a longer-term compliance management solution that is data and technology driven. A key aim of this will be to align the approaches, process and systems used across the South, East and West.

We have analysed data held at the time of our review in iWorld, Servitor, and PIMSS, and locally held records, and confirmed that 46,860 domestic gas properties across the Group RSLs and Lowther had an in-date gas service at the time of our fieldwork. We also completed testing to confirm whether a corresponding Landlord’s Gas Safety certificate was held for these properties. We confirmed that certificates were held for a sample of 30 East and 50 South gas

properties. For the West (Wheatley Homes Glasgow, Loretto Housing, and Lowther West) we analysed PIMMS records of certificates held to confirm that these reconciled to the last service date for each gas property.

We found 2,299 properties (7%) where the "Gas Service Last Date" recorded in PIMSS, and the latest Certificate Date recorded in iWorld did not match. Management advised that these differences are due to a known IT interface failure between Servitor and iWorld where certificates do not transfer correctly. Management has requested the certificates missing from iWorld are resent by CBG and a technical solution is being sought. Further sample checking will be completed to determine whether certificates are held on all systems once the management action is complete.

|                      | Number of gas properties (at time of testing) | With an in-date gas service record | with a corresponding Landlord Gas Safety Certificate |
|----------------------|---|------------------------------------|--|
| WH Glasgow           | 28,163  | 28,163                             | 26,086 (93%)   |
| Loretto Housing      | 2,388   | 2,388                              | 2,246 (94%)  |
| Lowther West         | 1,204   | 1,204                              | 1,124 (93%)  |
| Lowther East & South | 902   | 902                                | 100% of sample tested                                |
| WH East              | 5,930   | 5,930                              | 100% of sample tested                                |
| WH South             | 8,273   | 8,273                              | 100% of sample tested                                |

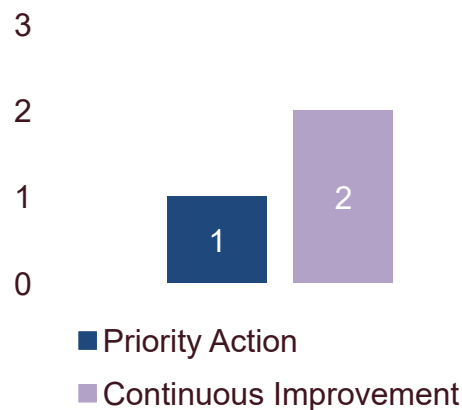


# 8. Gas Safety Certificates Data Analysis

## Relevant Subsidiaries

|      |         |            |
|------|---------|------------|
| WH-E | Care    | Foundation |
| WH-G | Loretto | Lowther    |
| WH-S | WDSL    | Solutions  |

## Number of Actions



## Areas of Good Practice

- ✓ Gas servicing is scheduled on a rolling 10-month cycle to allow for all services to be completed in advance of the annual servicing requirement.
- ✓ Gas servicing approach is automated, with appointments driven by the service due dates.
- ✓ Daily gas servicing reports are available on Boxi (iWorld data) and Servitor, enabling Compliance teams across the West, South and East to review and monitor compliance on an ongoing basis.
- ✓ During the last 12 months WH-E has migrated its property records from Genero to Servitor and has moved from manual Landlord Gas safety Certificates to electronic versions. Prior-year paper certificates are being prepared for transfer to our secure document storage provider Restore.
- ✓ There is no direct interface between the version of Servitor used in the East and iWorld. To ensure all gas service requirements have transferred accurately from the previous system Genero onto Servitor, daily reconciliations are completed by the Compliance team in the East.
- ✓ Forced access arrangements are in place to ensure all properties remain gas compliant.
- ✓ External audits by gas specialists confirm the quality of servicing for a sample of properties each year.



## 8. Gas Safety Certificates Data Analysis

### Priority Actions

- We identified 2,299 properties (7%) where the "Gas Service Last Date" and latest Certificate Date recorded in PIMSS did not match. While the iWorld records confirm that a service has taken place for these properties, the corresponding certificates are not held in PIMSS. We were informed that the certificates do exist, and that the differences we identified are due to a known IT interface failure between Servitor and iWorld, meaning certificates do not always transfer correctly into iWorld from Servitor. A solution is being sought to have these added correctly uploaded to iWorld. Further sample checking will be completed to determine whether certificates are held on all systems once the management action is complete.

**Management Response:** *This issue was caused by a known interface failure between Servitor and iWorld. Certificates are supposed to transfer overnight following completion of each service, but this was not happening in all cases. The list of UPRN's has been issued from Wheatley IT to CBG IT in a bid to identify a process for reconciling the certification gap as a result of the previous IT interface between Servitor and Iworld. Discussions continue with CBG IT and we will hold fortnightly meetings with IT and Operational leads from Wheatley and CBG to progress the resolution of this issue. (Due date 31/10/25)*



## 8. Gas Safety Certificates Data Analysis

### Continuous Improvement Opportunities

- The East Compliance team perform daily reconciliations of gas servicing data held in iWorld and Servitor to confirm the completeness of the data in Servitor. During our testing we identified differences between information held in Servitor and PIMSS and identified 20 service completions which had not updated in Servitor.

**Management Response:** Existing reconciliations will be extended for another 6 months to allow time for any further issues to be identified and addressed. At the end of this period the Compliance Coordinator will determine if the checks are still required. (Due date 31/10/25)

- The Communal Gas Servicing programme in the West is managed on a spreadsheet maintained by the Group Compliance Manager. As this is a manual record there is a risk of human error, and reliance is being placed on the Group Compliance Manager to ensure this is up to date and accurate.

**Management Response:** All plant rooms connected with Group Heating have been allocated a Unique Property Reference Number (UPRN) so they are all now clearly identifiable within the asset register and iWorld, and all certification is now available through PIMMS.

The automation of the service process needs to be resolved through joint working across the compliance teams in the West and in CBG and a timetable agreed between us which will involve changes to working practices around PDAs for CBG teams.

We will hold fortnightly meetings with IT and Operational leads from Wheatley and CBG to progress the resolution of this issue (Due date 31/10/25)



# 9. Repairs Data Analytics

## Report Conclusion

### Review Background

The Group's approach to management of damp and mould, including damp and mould reporting to Executive Team (ET) and Boards has been evolving over the last 18 months, as changes to repairs processes and systems are implemented across the Group, and as management's understanding of required performance information develops.

Further changes are required in the coming months, in particular as a result of the Scottish Housing Regulator's (SHR) changes to the ARC measures, which have resulted in changes to damp and mould reporting for 2025/26 onwards.

The findings of this review therefore recognise that the current reporting process is viewed by management as an interim position, and that plans are in place to develop more automated reporting once the KPIs have been finalised.

### Work completed

This review analysed repairs data to assess the completeness and accuracy of existing damp and mould exception reporting, including the consistency of reporting across subsidiaries. The review was completed in three stages.

Stage 1 involved a walkthrough of the existing damp and mould reporting process, to understand the source of the data used for ET and Board performance reporting; Stage 2 assessed the completeness and accuracy of the performance reporting through reperforming the calculations of damp and mould figures used in the October 2024 ET Performance Report and November 2024 Board Performance Reports; and Stage 3 considered additional reporting that could

provide enhanced assurance.

### Next Steps

Due to the complex and manually intensive process in place to collate the data used for damp and mould reporting, we were unable to fully reperform the calculation of a small percentage of the figures reported. This does not mean that these figures were incorrect, but that the audit trail was not sufficiently detailed to allow reperformance of all figures.

The complexity of the reporting process is due to differences in repairs processes and reporting systems across the three geographic areas. We found that managers in both the Repairs and Data teams were aware of the matters identified from our review, and that plans were in place to address these areas

The ET has requested that Internal Audit completes a full assurance review of the damp and mould processes in the period August – November 2025. Rather than raising actions for follow up from this review, we will ensure that management's planned actions have been completed when we complete the Damp and Mould review in August 2025.

More information about the specific findings from the review is available on the next slide.



# 9. Repairs Data Analytics

## Report Conclusion

### Summary of Findings

We re-performed the October 2024 damp and mould ET and Board KPIs from the source data and were able to re-perform and agree with 162/198 (82%) of the measures, across all subsidiaries.

We were unable to re-perform 5 measures across WH-East and WH-South as the source data shows the year-to-date figure on the date it is viewed, and a record is not kept of the position when the report is run each month.

We obtained different figures to those reported when reperforming the remaining 31/198 (16%) measures, 16 of which relate to the ‘Mould Inspections raised and attended within 2 Working Days’ data table. This is the most manual set of measures to calculate and management was already working to review and develop this area of reporting.

For the 31 measures where we were unable to agree the reported figure, we were able to agree the figures at the point they were taken from monthly source reports. Due to the complex nature of having different reporting systems and repairs processes across the three geographic areas, with inconsistent source data across subsidiaries, it is necessary to manually adjust these source report figures. However, a full audit trail for these adjustments was not maintained, with the result that we were unable to fully reperform the reporting. We noted that these adjustments were generally small.

We also noted a small number of data transfer errors between repairs management reports and the final ET performance report, which would be

rectified by more automated reporting across all subsidiaries. The largest difference found was the Group figure for “total number of mould lines raised”, which was understated by 50 (reported as 945 not 995) due to incorrect addition within a table.

### Relevant Subsidiaries





## 9. Repairs Data Analytics

The table below sets out the actions planned by management to address the findings on the previous slide. We will follow up management's implementation of these actions in August 2025.

### Planned Management actions

The **Data and Performance teams** plan to:

- Continue supporting Repairs teams to align cost centres, SOR codes and trade types across all repairs, with the aim of preventing mis-diagnosis of repairs.
- Support the review of damp and mould KPIs by ET, Repairs management, and the Performance Team to ensure these remain appropriate and reflect the SHA ARC measure changes. This will include the presentation of these measures in the performance report to ensure this is clear and consistency of measures across subsidiaries.
- Keep an audit log of ET and Board KPIs reported, including source reports and any manual interventions required to produce these.
- Work with the repairs performance team to develop exception reporting to identify anomalies in the source data to be actioned.
- Develop an automated Power Bi report to produce ET damp and

mould performance measures, minimising the need for manual intervention.

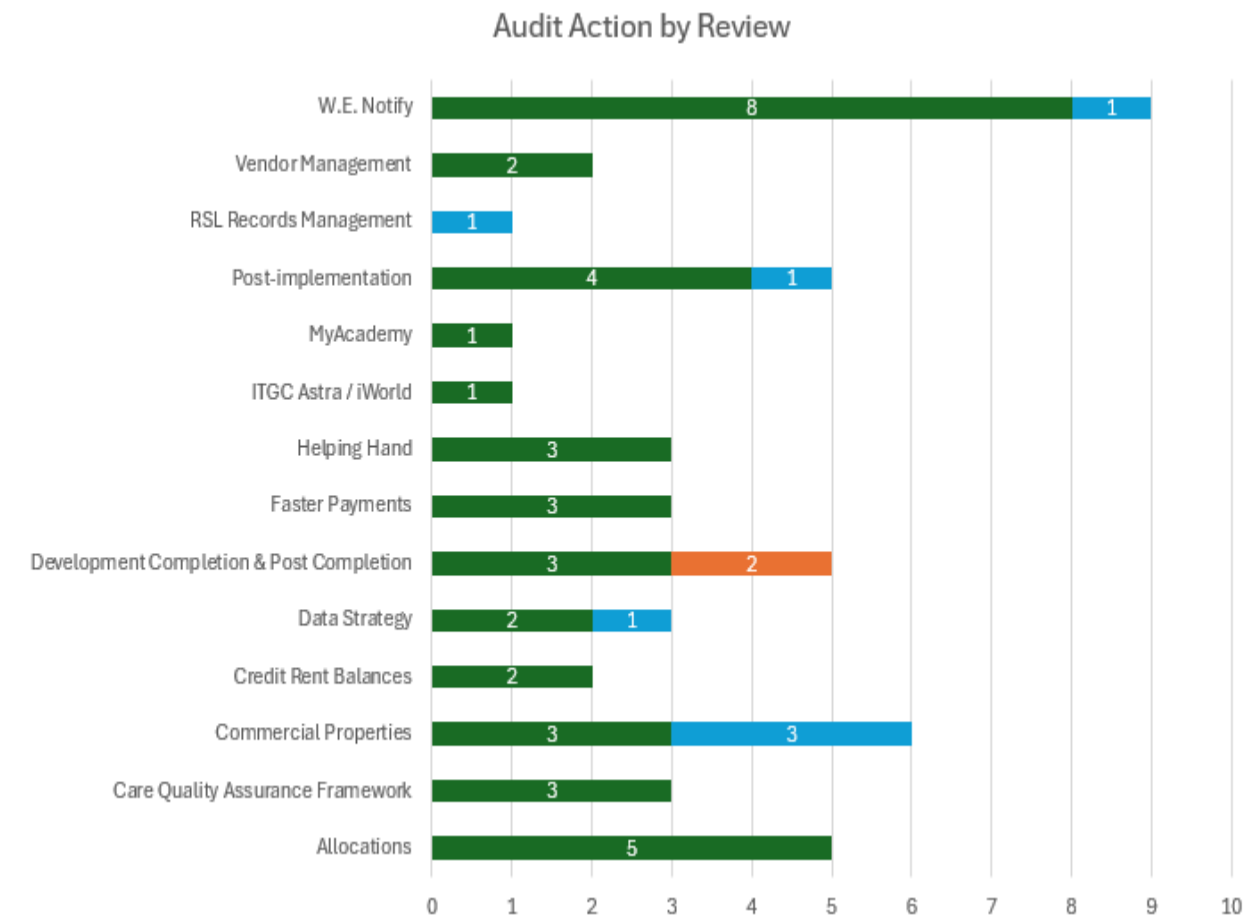
**Repairs management** plans to:

- Review training of WH-East staff to increase the accuracy of damp and mould repairs raised through Servitor.
- Work with the Data team to develop exception reporting to identify anomalies in the source data to be actioned. Actioning of any anomalies will be by the repairs teams.
- Continue work with the Data team to inform and develop a proactive damp and mould dashboard, focused on key analysis and management information to ensure the damp and mould process is operating as it should.
- Review the Group's approach to damp and mould with the aim of making this more efficient, effective and consistent across subsidiaries.



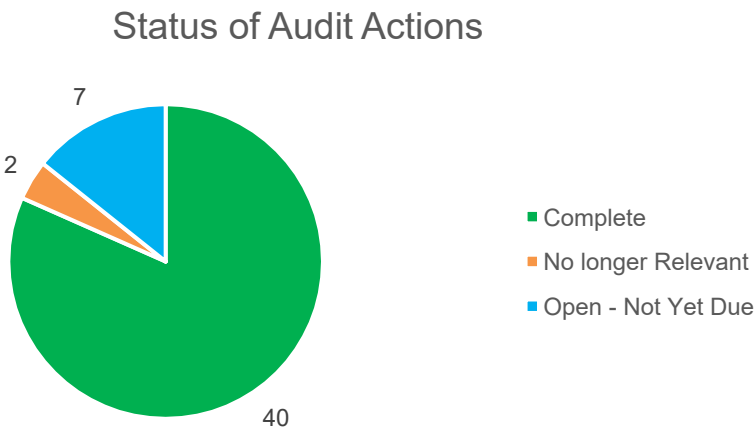
# 10. Follow Up

In second half of 2024/25, the Internal Audit team followed up 49 actions. The graph below shows the status of these actions by review.



| Group-wide action status at 31 March 2025      | Actions |
|--|---------|
| Actions brought forward from 30 September 2024 | 21      |
| New actions agreed                             | 28      |
| Total Actions followed up                      | 49      |

In total, 7 of the 49 actions are Open – Not Yet Due and 40 were confirmed as complete. There were no overdue actions and 2 actions were closed as No Longer Relevant.





# Appendices



# Appendix 1: Types of Review and Subsidiaries key

## Wheatley Housing Group Subsidiaries

The table below shows the Wheatley Housing Group subsidiaries to which the Internal Audit team provides internal audit services, along with the shortened form used for this report.

|                            |                                  |                                |  |                   |
|----------------------------|----------------------------------|--------------------------------|--|-------------------|
| Wheatley Homes East (WH-E) | Wheatley Homes Glasgow (WH-G)    | Wheatley Homes South (WH-S)    | Loretto Housing (Loretto)                | Lowther (Lowther) |
| Wheatley Care (Care)       | Wheatley Foundation (Foundation) | Wheatley Solutions (Solutions) | Wheatley Development Scotland Ltd (WDSL) |                   |

Internal audit services for the Group’s joint venture, City Building Glasgow, are provided by the Glasgow City Council internal audit team and the results are reported separately.

## Review Types

The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

|              |   |
|--------------|---|
| Assurance:   | Internal audits, continuous auditing data analysis, validation of management self-assessments. These reviews include an assessment against agreed control objectives within the final report. |
| Advisory:    | Advisory review, project support, investigative data analysis to support development of management information  |
| Focus areas: | controls mapping, pre-inspection visits, fraud investigations   |



# Appendix 2. Definitions of ratings

## Control Objective Classification:

The audit approach involves assessing the risks to the achievement of the control objectives. Controls to mitigate these risks are then identified and tested in terms design, adequacy and operating effectiveness. Where those controls are considered insufficient to mitigate the risks to the achievement of the control objective, the classification will be “red” or “amber”. Where the controls are adequate to mitigate the risks, the classification will be “yellow” or “green”. The classification allocated is based on audit findings and the Director of Assurance’s professional judgement, which will consider the strategic importance of the area under review.

| Red   | Amber  | Yellow  | Green   |
|---|--|---|---|
| <ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective not achieved.</li><li>Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective achieved.</li><li>Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives.</li></ul> | <ul style="list-style-type: none"><li>Control objective achieved.</li><li>Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.</li></ul> |

## Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

### Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

### Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.







## Report

**To:** Wheatley Homes East Board

**By:** Lorna McCubbin, Director of Asset Strategy

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

**Subject:** Stock Condition Assurance

**Date of Meeting:** 21 August 2025

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### 1. Purpose

1.1 This report provides an update on our approach to Stock Condition Surveys.

### 2. Authorising context

2.1 Through our Terms of Reference, the Board has responsibility for asset management, including the approval of our 5 year investment plan, asset management plan and Neighbourhood Plans. It is also responsible for monitoring compliance, including an ongoing role in monitoring our approaches to risk and performance.

2.2 The Board has had a strong strategic focus on stock condition and how we create capacity for additional investment in tenants' homes. This has included strategy workshops to develop our approach to asset management and consider how investment in homes and neighbourhoods is reflected in our five-year strategy.

2.3 As a result of these discussions, we initiated a strategic project in 2024/25 to develop a data and technology enabled approach to managing and monitoring building compliance.

2.4 This work will continue into our next five-year strategy, as we bring our different sources of data together to allow us to assess and report on all aspects of the condition of our properties. This means developing integrated data and reporting on all aspects that matter to tenants – condition inside the home, in communal areas and the external environment, including gardens.

### 3. Background

3.1 Following the approval of our Strategic Asset Investment Plan (“**SAIP**”) in 2024, this report provides the Board with an update on the work being carried out to deliver on the main priorities of the plan in relation to stock condition. The five priority areas in our plan were:



- Compliance;
- Neighbourhoods;
- Component Replacement;
- Energy Efficiency; and
- Particular Stock Types

3.2 The Board agreed it wished to receive regular updates on the work being carried out to enhance the information we collect on the condition of our stock and how this will be used to inform our investment plans.

#### 4. Discussion

4.1 An integral part of our SAIP is to ensure the information that we have on the condition of our stock is accurate and kept up to date. This information is essential to allow us to make informed decisions on where investment is prioritised, together with the ability to undertake more focused and accurate long-term investment planning.

4.2 This approach has enabled us to achieve compliance with legal property condition standards, including the Scottish Housing Quality Standard (“**SHQS**”) and the Energy Efficiency Standard for Social Housing (“**EESH2**”). We currently hold comprehensive lifecycle and component detail at an individual property level in our PIMMS system.

4.3 This information has previously been informed and updated by validation surveys, instead of routine stock condition surveys, which cover approximately 5%–7% of our stock annually. This approach supported our risk-based methodology, using insights from external surveys to validate our stock data and inform future investment planning.

4.4 These surveys are conducted by Jones Lang-Lasalle (“**JLL**”) as part of the annual valuation process. Where sample surveys identify issues requiring further investigation, we may increase the sample size to ensure a more comprehensive assessment. We have used our stock condition validation data to inform the financial provisions we make in our business plan.

4.5 As part of our new SAIP, we are strengthening our approach by creating an in-house team to assess the condition of our stock. We will undertake condition surveys of each property on a 5-year cycle. This increased survey programme will enable us to collect more information on our stock than the previous JLL surveys, more frequently.

4.6 Our surveys will include an assessment of the condition of each element of the building. This will cover external surveys of building fabric, such as walls, windows, external doors, rainwater goods, roofs and common closes; and grounds – including common garden areas, fencing, paving, steps, handrails. Internal surveys will include heating, electrics, kitchen, bathroom and internal doors.



- 4.7 The surveys will also assess the remaining anticipated life, which will be used to update our asset management database, PIMMS. Our survey programme will continue to be externally validated/audited to provide additional assurance.
- 4.8 This enhanced survey programme, together with consultation with stakeholders, including customers and frontline staff, will feed into the annual planning programmes as follows:
- 30-year Business Plan - our high-level planning tool;
  - 5-year Business Plan - standard finance planning tool for all investment. Information will be drawn from the annual and 3-year plan, as well as information from PIMMS;
  - 3-year Delivery Plan - The 3-year delivery plan will be utilised to ensure a 12-month rolling programme of investment works and will identify planning and design resources required to deliver each project. It will also identify projects which may cover multiple financial years; and
  - Annual Investment Programme - our annual investment programme approved by the Board each year. This cyclical programme approach of survey, analyse, consult and report will help improve our ability to ensure our investment decisions have the correct balance of customer and business priorities.
- 4.9 We have a huge variety of property construction types within our housing stock, ranging from homes constructed over 150 years ago to new homes being delivered in 2025. To allow for more efficient analysis of information we have grouped these typologies into the following proposed clusters:
- Houses;
  - 4 in a block flats;
  - Inter war tenements;
  - Post war tenements;
  - Pre 1919 tenements; and
  - Sheltered housing (Living Well)
- 4.12 Each of these clusters of stock will present different challenges and require different approaches to meet the investment requirements, however our enhanced programmed approach in assessing condition will assist in our prioritisation and investment planning.

## **5. Customer Engagement**

- 5.1 It is important that we communicate proactively with tenants about how we keep them safe in their homes, how we monitor stock condition and our plans to invest in improving homes and neighbourhoods. We do this through a range of methods, such as dedicated sections of our website, our annual report to tenants, the rent consultation, housing officer visits, and social media updates.



- 5.2 As we review our approach to tenant communication and engagement this year, and moving into our new strategy period, we plan to increase the range and frequency of this communication, in response to tenant feedback that we should provide more detail, more regularly, on future investment plans and how rent is spent.

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

- 6.1 Our properties perform well against energy efficiency standards. At present, 97% of our homes meet the current required Energy Performance Certificate (“**EPC**”) of Band C or above. Maintaining the fabric and components of our stock, such as kitchens and boilers, has a positive impact on the environment through delaying the production of CO2 associated with the manufacturing process.
- 6.2 In addition, the interrogation and validation of our asset management data will provide the assurance that the environmental impact of our homes (as measured by EPC/SAP score) continues to be up-to-date and accurate. This robust data will also support and inform decisions for the investment programme towards achieving regulatory requirements for future energy efficiency standards.

## **7. Digital transformation alignment**

- 7.1 The Asset Strategy includes the proposal to explore, through developing appropriate pilot projects, how digital techniques including AI can support asset management. This will build on our already extensive use of data to support our asset investment and management through our PIMSS asset management system.

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

- 8.1 The stock validation process augments the condition reporting undertaken by our in-house teams through repairs, investment and compliance programmes. It provides the assurance that the £35.8m we plan to invest in our customers’ homes in the next five years is targeted and effectively delivering the right measures, in the right properties at the right time.

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

- 9.1 The Scottish Housing Regulator (“**SHR**”) provides guidance on Business Planning which advises:

*“An RSL’s ability to deliver good services for customers and provide a solid platform for improvement depends on its ability to make the most of its housing assets. The business plan should be underpinned by a robust approach to strategic asset management. RSLs should therefore develop strategic asset management alongside, and to complement, the business planning process”.*

- 9.2 Our business plan 30-year investment assumptions are cross-checked against the independent assumptions made by JLL in their stock valuations, which are discounted cash flow calculations, including the investment they consider would be necessary to manage and maintain the stock appropriately over the period.

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



- 10.1 Our agreed risk appetite in investing in existing homes and environments is cautious. Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain our homes. We will revise our well-established investment processes to include more focus on what creates the most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.
- 10.2 Our Agreed risk appetite in ensuring compliance with legal and regulatory requirements is minimal. Keeping customers and staff safe is a key priority and we must be able to demonstrate that we comply with health and safety legislation in relation to our investment activity.

## **11. Equalities implications**

- 11.1 There are no equalities implications arising from this report

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

- 12.1 We have a strong and robust approach to asset management. Our Asset Management Strategy sets out how we will continue to build on this by increasing our in-house surveying capacity, covering every property over a five-year cycle, and retaining that knowledge in-house rather than solely using external consultants. We are also using technology effectively to support this approach, such as installing sensors in properties where mould and damp may have previously presented.
- 12.2 Our data strategy – overseen by the Wheatley Solutions Board - is critical in supporting our Asset Management approach, as we aim to draw together asset information from different sources to allow us to assess and report on all aspects of the condition of our homes and neighbourhoods.

## **13. Recommendations**

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

LIST OF APPENDICES:

None



## Report

**To:** Wheatley Homes East Board

**By:** Anne-Marie Hallett, Head of Governance

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

**Subject:** Governance update

**Date of Meeting:** 21 August 2025

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### 1. Purpose

- 1.1 This report provides an update to the Board, seeking approval where required, on the following governance-related matters:
- Final schedule of meetings for the remainder of the 2025 calendar year; including the Annual General Meeting (“**AGM**”) and the proposed 2026 meeting dates;
  - Annual Secretary’s report;
  - Board vacancy update; and
  - Annual assurance statement.

### 2. Authorising and strategic context

- 2.1 The Board is responsible for calling meetings, including General Meetings and ordinary Board meetings throughout the course of the year. The Board is also responsible for approving the appointment of our tenant Board members.
- 2.2 The Group Board is responsible for approving a Group Annual Assurance Statement for submission to the Scottish Housing Regulator (“**SHR**”).

### 3. Background

- 3.1 We are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary’s report in advance of the AGM.
- 3.2 The requirement to submit an Annual Assurance Statement (“**AAS**”) was introduced by the SHR in 2019. The AAS is a way for us to assure ourselves, tenants, those who are homeless/threatened with homelessness, other service users and the SHR that we comply with our regulatory obligations.



- 3.3 The SHR considers our AAS as part of its annual risk assessment and then uses this to help inform how it will engage with us throughout the year. This is then included within the SHR's engagement plan for us. For group structures such as ours, the SHR requires one AAS covering all Registered Social Landlords ("**RSLs**").

#### 4. Discussion

##### Remaining 2025 meeting dates and 2026 schedule

- 4.1 We have two further Board meetings scheduled for this calendar year which would take us to the minimum requirement of 6 scheduled meetings for the calendar year:
- 18 September 2025; and
  - 27 November 2025.
- 4.2 The meeting and business thereof will be called in line with the requirements of our Rules. This will be followed by the Board meeting at approximately 5.15 pm. The annual Group Christmas lunch will be at 1 pm on Wednesday 17 December 2025.
- 4.3 The proposed schedule of meetings for 2026, which follows the timings for this year, is as follows:

| Date                                    | Time  |
|---|-------|
| Thursday 12 February                    | 17.00 |
| Thursday 26 March (after stock tour)    | 17.00 |
| Thursday 28 May (inc strategy workshop) | 15.00 |
| Thursday 20 August                      | 17.00 |
| Thursday 17 September (following AGM)   | 17.00 |
| Thursday 26 November                    | 17.00 |

##### Annual Secretary's report

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

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

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



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

#### Board appointments

- 4.6 Ruth Kynoch has now completed her ninth year of service and will retire at the AGM in September.
- 4.7 The recruitment process is in progress and a shortlist of candidates will be selected for interviews.

#### Annual Assurance Statement

- 4.8 The SHR requires our AAS to confirm compliance or otherwise. Any areas for improvement should be recorded in the AAS, but only where these are of such materiality and significance that we are unable to say confidently whether we were complying with a particular requirement.
- 4.9 We have taken account of updates to the SHR's guidance in the preparation of our AAS and used the toolkit developed by the Scottish Federation of Housing Associations ("**SFHA**"). This year, the SHR issued a requirement for RSLs to

*Confirm whether you meet all duties in relation to tenant and resident safety, and in particular that you have obtained appropriate assurance about your compliance with all relevant safety requirements including:*

- *Gas safety;*
- *Electrical safety;*
- *Water safety;*
- *Fire safety;*
- *Asbestos;*
- *Damp and Mould; and*
- *Lift safety*

- 4.10 These are not new elements to what we have assured on in our previous AASs i.e. tenant and resident, rather they are being made more explicit by the SHR.

#### Self-assessment and review



- 4.11 As part of the completion of our self-assessment of compliance against the Regulatory Standards (the “**Standards**”) and the requirements set out in the Framework we identify sources of assurance relative to each requirement and catalogue these in a detailed evidence file.
- 4.12 In assessing materiality, we take account of the SHR’s Statutory Guidance which states we should consider whether the issue could:
- seriously affect the interests and safety of tenants, people who are homeless or other service users;
  - threaten the stability, efficient running or viability of service delivery arrangements;
  - bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
  - in the case of RSLs, put at risk the good governance and financial health of the organisation.
- 4.13 This year we are required to have our self-assessment externally reviewed. Campbell Tickell has carried out and completed its review and confirmed that we are materially compliant with the regulatory standards.
- “Wheatley has carried out a comprehensive self-assessment that clearly evidences compliance with the SHR Regulatory Standards, Requirements of RSLs and the Constitutional Requirements.”*
- 4.14 Campbell Tickell has highlighted that there are no areas of non-compliance. It has highlighted one area to consider in relation to the formatting of risk reports. This will be reviewed and if considered appropriate and beneficial, reflected in our future risk reporting.
- 4.15 A copy of the full self-assessment is available to Board members on request.

#### Tenant and resident safety

- 4.16 Tenant and resident safety remain a key focus of our work. We have robust processes in place to support our approach to tenant and resident safety. This includes teams dedicated to building compliance, supported by a Health and Safety Team which provides support and guidance when required. We also have a dedicated fire safety team which has suitably skilled and experienced individuals.
- 4.17 We include building compliance and fire safety reports to the Group, Lowther and each RSL Board on an annual basis and provide comprehensive health and safety reports bi-annually.
- 4.18 In April this year the Group Board approved an updated Group Health and Safety policy and considered fire safety within the context of the Grenfell Phase 2 report, Multi Storey Flat cladding and fire door checks.



- 4.19 Where practical, we would combine compliance activities taking account of asset compliance cycles, property attributes and individual customer requirements. Our compliance processes and delivery programmes are regularly reviewed by both internally by our Assurance Team and externally by bodies such as CORGI for Gas, NEIC for electrical safety and relevant lifts inspectors arranged through our insurers.
- 4.20 We further strengthened our building compliance activity through our Group Asset Management Strategy and associated subsidiary Strategic Asset Investment Plans. These have a strong focus on compliance-related activity, which keeps our tenants and residents safe.
- 4.21 In the intervening period, any other matters arising either as a consequence of our work or wider public/customer interest are raised separately to the Board.

#### Social Housing Charter

- 4.22 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. The Statutory Guidance in relation to the AAS requires us to also include a statement of compliance with the Charter.
- 4.23 The SHR sets a wide range of specific performance measures that RSLs must collect as part of compliance with the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter. The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. We ask these as part of our satisfaction surveys.
- 4.24 We have in place a very robust approach to assurance and evidence of how we are performing relative to the charter through our core performance reporting framework.
- 4.25 There is a requirement to evidence renewal of EICRs every 5 years. Reasonable efforts including making at least two appointments have been made to complete this work for all customers. Where, despite these efforts, access was not achieved, the properties are reported as in abeyance in our Annual Return on the Charter.
- 4.26 In relation to the AAS, the SHR has advised that given the importance of tenant and resident safety, if all due EICRs have not been carried out at the point of submitting the AAS then this should be identified in the AAS, including the timeframe for completing all due EICRs. We have included a note to confirm that approximately 0.06% of properties are recorded as not having an up to date EICR. In all cases, reasonable attempts to obtain access had been unsuccessful and enforcement action is being pursued.

#### All relevant legislative duties

- 4.27 The AAS requirement covers a broad scope. Compliance is addressed through adherence to the relevant legal framework and the application of internal policies that reflect applicable laws and regulations.



- 4.28 These policies are reviewed by specialist teams and, when necessary, by external advisors. Legislative compliance mapping conducted by our Assurance team has contributed to clarifying our responsibilities.
- 4.29 We operate a 3 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm we are meeting our legal obligations.
- 4.30 Beyond our core 3 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC. We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.
- 4.31 Over the last 12-18 months, our Assurance Team have undertaken compliance mapping activity. The results of this have been reported to the Audit Committee and provide both additional assurance on our understanding of and compliance with our legislative duties.



## **Wheatley Housing Group Limited: Annual Assurance Statement 2025**

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

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

We have gained this assurance following a review and assessment of the evidence provided at our Board meeting on 27 August 2025 and from our ongoing oversight and scrutiny of the Group's affairs throughout the year 2024/25.

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

The Group Board confirms that we are assured we have established appropriate systems for the collection of equalities data and confirms that we are compliant with our obligations in respect of equalities data collection.

The Group Board also confirms compliance in relation to our tenant and safety obligations. In particular, we have gained assurance of our compliance in respect of duties relating to gas safety, electrical safety, fire safety, water safety, lift safety, asbestos and damp and mould.

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

We are required to carry out Electrical Installation Condition Reports on our properties every 5 years. Approximately 0.06% of properties were recorded as not having an up to date EICR. In all cases reasonable attempts to obtain access have been unsuccessful and enforcement action is being pursued to ensure that all properties have a valid EICR by year end March 2026.

## **5. Customer engagement**

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

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



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

## **7. Digital transformation alignment**

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

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

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

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

- 9.1 The SHR Regulatory Standards of Governance that all RSLs:

*formally and actively plans to ensure orderly succession to governing body places to maintain an appropriate and effective composition of governing body members and to ensure sustainability of the governing body.*

The proposals within this report are consistent with this requirement.

- 9.3 In accordance with our Rules, we are required to hold an annual general meeting within six months of the end of each financial year of the Association and provide the Board with the Secretary's report in advance of the AGM.

- 9.4 The Group is required to complete an AAS taking into account any specific assurance requests issued by the SHR. The proposed statement meets these requirements.

## **10. Risk appetite and assessment**

- 10.1 Our governance arrangements support delivery across each of our strategic themes. Across each of our strategic themes we have a cautious or minimal approach to our legal and regulatory compliance. The matters and recommendations in this report are consistent with this approach.

- 10.2 We regularly report to the Board on governance-related matters and routinely reviewing our records to ensure that our governance records remain up-to-date and accurate.

## **11. Equalities implications**

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

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

- 12.1 Our Annual Assurance Statement 2024/25 and our annual Secretary's report confirm that we are materially compliant with the SHR requirements and will be submitted for Group Board approval on 27 August 2025.



### **13. Recommendations**

13.1 The Board is asked to:

- 1) Instruct the Secretary to call the Annual General Meeting for 18 September at 5pm;
- 2) Note the Secretary's Report under Rule 68; and
- 3) Note the outcome of our annual self-assessment against the SHR's Regulatory Framework and proposed Annual Assurance Statement for agreement by the Group Board.

LIST OF APPENDICES:

None