# WHEATLEY HOMES GLASGOW
# BOARD MEETING

**Friday 11 August 2023 at 10.30am**
**Wheatley House, 25 Cochrane Street, Glasgow**

## AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minute of 19 May 2023 and matters arising
   b) Action list

**Main business and approvals**

4. Wheatley Homes Glasgow strategy

5. Homelessness Policy 2021-26 – progress update

6. Repairs update

7. Customer First Centre – Independent Evaluation

8. Performance report

9. a) 2022/23 Financial Statements
   b) Annual Internal Audit Report and opinion

**Other business**

10. Governance Update

11. Finance report

12. AOCB

Wheatley Homes Glasgow

# Report

**To:** **Wheatley Homes Glasgow Board**

**By:** **Aisling Mylrea, Wheatley Homes Glasgow Director**

**Approved by:** **Steven Henderson, Group Chief Executive**

**Subject:** **Wheatley Homes Glasgow strategy to 2026**

**Date of meeting:** **11 August 2023**

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## 1. Purpose

1.1 To seek approval for the first Wheatley Homes Glasgow strategy to 2026.

## 2. Authorising and strategic context

2.1 Under the Group Standing Orders the Group Board is responsible for the approval of the overarching Group strategy. Under our Terms of Reference, we are responsible for approving our 5-year strategy, within the strategic context of the overarching Group strategy.

2.2 Any changes to Group level targets are subject to Group Board approval. Any such changes require to be considered by this Board so that we can consider the implications for our contribution to any revised target.

2.3 We have completed the first two years of the legacy GHA strategy and put in place a strong foundation for the remaining three years. As the mid-point of our strategy, the current year will be a key one to focus on delivery, which will be critical in achieving our 2026 objectives.

## 3. Background

3.1 As part of our strategy renewal and refresh process the Board held a workshop in March. The workshop was focused on identifying the key priorities for the refresh of our strategy as well as issues which should be fed into the wider Group strategy review.

3.2 The Board considered and reflected on the outcome of the workshop at its May meeting. As part of this, it agreed on the areas of the strategy that should be updated as part of creating our first standalone Wheatley Homes Glasgow strategy.

## 4. Discussion

4.1 We have merged the legacy GHA strategy with what was agreed at the last meeting to create a Wheatley Homes Glasgow Strategy to 2026. This also reflects the annual review of our performance and strategic measures, 5-year investment programme and 5-year development programme agreed by the Board between February and May this year.

4.2 Given the level of change to the legacy strategy this is attached in a ‘clean’ format at Appendix 1. A tracked change version from the previous version is however available on request.

4.3 The front end of the strategy has included a new section to more clearly narrate that the strategy is subject to annual review and capture the key changes, set out in more detail below, that we made during this renewal of our strategy. A recap of the key changes is set out below.

<u>Delivering exceptional customer experience</u>

4.4 A key change in our operating model since 2021 was the creation of the Customer First Centre (“CFC”). The role of the CFC in providing exceptional customer experience is now set out in the strategy.

4.5 To reflect the significance of the CFC in delivering exceptional service a new KPI for customer satisfaction with the CFC, 90% by 2026, is also included in our strategy.

4.6 The strategy affirms as a KPI that our tenants receive an annual visit from their Housing Officer and that this is tracked and reported. This is based on the annual visit being a formal part of how we understand the condition of our assets, identify any issues which should be fed into neighbourhood plans, and proactively identify any service issues such as repairs required.

4.7 Our customer insight consistently identifies the repairs service as our customers’ highest priority. This is now reflected in the strategy with a specific section in this chapter covering repairs and repairs more widely being more prominent.

4.8 A final area which is now reflected and more prominent in this chapter is the importance of tenant communication. The strategy now explicitly references the importance of communication and the need for customers to have access to the information they need and that it is consistent and easy to access and understand.

<u>Making the most of our homes and assets</u>

4.9 A key change in this chapter is the new section covering our vision for neighbourhoods, integrated approach and a measure to have neighbourhood plans for all our properties. In keeping with the Board’s feedback this will be a key priority for the year ahead.

4.10 The chapter has also been updated to reflect the advancement of the wider Group sustainability work and the changes in the legislative and policy context in relation to net zero and sustainability.

4.11 The chapter also now explicitly references our planned areas of focus for regeneration, Wyndford, Milton and Cranhill, as well as our desire to undertake more city centre and family home development.

4.12 Our refined approach to connectivity, in particular moving to a partnership working approach with private infrastructure providers to allow our tenants to access low-cost, high-speed broadband and supporting network deployment across our estate including multi-storey flats (MSFs) is now reflected in the strategy.

Changing lives and communities

4.13 Our approach to food security through which we work with partners to develop a more sustainable future model is now reflected in the strategy. We have set out our aim to replicate this type of model, where appropriate, using our MSFs and a small amount of initial funding to support wider and more sustainable food security.

4.14 Our future focus is now on the expansion of our Livingwell Model and this replaces our initial plans to achieve a similar outcome through the expansion of the Hub and Cluster model.

Developing our shared capability

4.15 The key change in this chapter relates to the Community Academy section and is to reflect both our Community Hub approach and the appetite we have seen from tenants to engage with us digitally. This will see our focus primarily be on our Community Academy being delivered digitally.

4.16 The strategy also now explicitly references that in developing our Community Academy approach we will consider the use of and signposting to local partners. The Board have indicated that this should be a strong focus to avoid duplication and to ensure that we make the best use of existing organisations before creating any new offerings.

Enabling our ambitions

4.17 The digital-related elements of this section have been updated to reflect the need to prioritise areas that we know are priorities for customers such as online repairs, our website and digital contact channels.

4.18 It also reflects our wider focus on leveraging digital to enable efficiencies as well as having a focus on efficiency more widely to support keeping rents affordable for tenants.

Summary

4.19 The strategy has been renewed to reflect Board feedback, which was driven by customer insight we have collected since the inception of Wheatley Homes Glasgow. Customer priorities such as repairs, the CFC and neighbourhoods are now much more prominent within our strategy.

4.20 The strategy also reflects our progress to date, changes in our operating context and more explicitly references the updates we have made as part of its renewal this year.

## 5. Customer Engagement

5.1 The strategy workshop focused strongly on customer insight and feedback following customer engagement. These areas are now referenced within our strategy, such as repairs, family homes, communication, and neighbourhoods.

## 6. Environmental and sustainability implications

6.1 There are no specific environmental or sustainability implications associated with this report. The strategy has been updated to reflect this area in further detail as referenced in the main body of the report.

## 7. Digital transformation alignment

7.1 As set out in the body of the report.

## 8. Financial and value for money implications

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

## 9. Legal, regulatory and charitable implications

9.1 There are no legal, regulatory or charitable implications associated with this report.

## 10. Risk Appetite and assessment

10.1 We have no single risk appetite in relation to strategy. Our risk appetite statements reflect each individual element of our strategy.

## 11. Equalities implications

11.1 There are no equalities implications associated with this report.

## 12. Key issues and conclusions

12.1 The strategy is the first Wheatley Homes Glasgow specific strategy. It has been strongly influenced by customer insight undertaken since the creation of Wheatley Homes Glasgow and is focused on what we know are tenant priorities.

12.2 It also reflects the changes in our operating context, the progress we have made in a number of areas and the review of our strategic measures at the last meeting.

## 13. Recommendations

13.1 The Board is asked to approve the Wheatley Homes Glasgow strategy to 2026.

LIST OF APPENDICES

Appendix 1: Wheatley Homes Glasgow strategy to 2026 [redacted] here

Wheatley Homes Glasgow

# Report

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| **To:** | **Wheatley Homes Glasgow Board** |
| **By:** | **Hazel Young, Group Director of Housing & Property Management** |
| **Approved by:** | **Steven Henderson, Group Chief Executive** |
| **Subject:** | **Homelessness Policy 2021-26 progress update** |
| **Date of Meeting:** | **11 August 2023** |

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## 1. Purpose

1.1 This report provides an update on the progress of our Group Homelessness Policy and highlights our contribution to the recent Scottish Government strategy: *Reducing the Use of Temporary Accommodation*.

## 2. Authorising and strategic context

2.1 Under our Terms of Reference contained in the Group Standing Orders the Board is responsible for agreeing matters of strategic significance. Our approach to homelessness, and the contribution we will make in terms of social housing provision, are strategic decisions.

2.2 The Board is also responsible for operational delivery and the specific targets for our own services in relation to homelessness. Day-to-day operational work is the responsibility of the Group CEO under the Group Standing Orders.

## 3. Background

3.1 More than 35,000 homeless applications were received across Scotland in 2021-22. Around half of these households had a support need and many were families. Councils and RSLs combined let 20,756 homes to households that the Councils had assessed as homeless. Nationally, Councils let 46% of their homes to homeless households compared to 33% for RSLs.

3.2 Figures for the first half of 2022-23 showed a 6% rise in applications compared to the same period in 2021-22. As a result of the numbers, many households spend considerable time in temporary accommodation often with more than one move. Almost 14,500 households were in temporary accommodation in September 2022 across Scotland, with most being single person or single parent households. Over 9,000 children were in temporary accommodation at that date. The increasing pressures on homelessness due in part to the global pandemic, the cost-of-living crisis and the war in Ukraine make it highly likely that the 2022-2023 homelessness statistics, when published, will show more households in temporary accommodation than in 2021-2022.

3.3 The Scottish Housing Regulator's thematic review on homelessness services in Scotland in February 2023 warned of an emerging risk of systemic failure in homelessness services in some areas. SOLACE Scotland has recently highlighted the unsustainable pressure on local authority housing in their report *Housing in Scotland: Current Context and Preparing for the Future*.

3.4 The Scottish Government has a long-term strategy for tackling homelessness – *Ending Homelessness Together*. Our Group Homelessness Policy which was approved by Group Board in December 2020 and discussed at our Board in February 2021 aligns to these national objectives.

3.5 As a result of the increasing pressures on homelessness and the record numbers of households in temporary accommodation, the Scottish Government published a further strategy on 19 July 2023 specifically on reducing the use of temporary accommodation. The need to reduce both the numbers of households in temporary accommodation and the length of time households spend in temporary accommodation is recognised. They have identified a series of actions to ensure sufficient high quality affordable homes in the areas where they are needed, and to provide targeted support for the local authorities facing greatest pressure.

3.6 The Government has particular concerns over the continued use of unsuitable accommodation in the areas with the greatest temporary accommodation pressures and recognises the detrimental effect this has on the health and wellbeing of homeless households, as do the local authorities operating in these areas. Edinburgh has the highest number of reported breaches in the six months between April and September 2022. Glasgow, West Lothian, East Lothian and Fife also had large numbers of breaches. In June this year Glasgow City Council announced that they would stop using one of the City Centre hotels as emergency accommodation. They plan to use this as a template to repeat the process with the other hotels which they use.

3.7 Supporting the alleviation of homelessness is a key strategic objective for us and we provide a significant contribution to this national challenge. Our Group Homelessness Policy already reflects most of the actions identified in the Scottish Government's *Reducing the Use of Temporary Accommodation* strategy, and an update on our progress in relation to these is provided below. The announcement of £60m for a national acquisitions plan as part of the Affordable Housing Supply Programme is a new aspect and our response to this is also discussed below.

## 4. Discussion

### *Acquisitions*

4.1 The Scottish Government has committed to investing at least £60 million from the Affordable Housing Supply Programme in 2023-2024 to support a national acquisition plan. The intention of this is to enable local authorities and registered social landlords to rapidly acquire properties of the right types and in the right places for use as high quality, affordable, permanent homes. These properties may be purchased from private owners, builders and landlords. Where landlords are choosing to leave the private rented sector with a tenant in situ, the plan can accommodate the purchase of these properties, where this meets a clear strategic purpose and where the tenant is at risk of homelessness. The Government and local authorities are working on further guidance as to how this will work in practice.

4.2 We have had early conversations with our local authority partners as to their intentions regarding the national acquisition plan. Glasgow City Council has indicated that they will support an acquisition plan and will fund the cost of acquisition plus 50% of any works required to bring up to a lettable standard. They have also indicated that they would prefer to us acquire family homes ie 3-bedroom or larger properties as that will align most directly with their greatest pressure of families unsuitably housed in temporary accommodation.

4.3 The Board previously agreed that we would seek to acquire up to 100 properties in this financial year. We are currently progressing the acquisition of:

- three 3-bedroom properties;
- two 2-bedroom properties;
- a 6-bedroom property in the Pollok area which was previously a care home; and
- a property in Penilee which Glasgow City Council has taken through the Compulsory Purchase Order process due to its condition.

4.4 We are also exploring the potential acquisition of a further ten 3-bedroom properties with Glasgow City Council and the property owners.

***Housing supply***

4.5 Whilst the ringfencing of £60m from the Affordable Housing Supply Programme for acquisitions is welcomed as a short-term measure to increase the social housing stock, increasing the overall housing supply is an essential long-term objective to address issues of homelessness and other pressures on the housing market. The Scottish Government has reiterated its commitment to deliver 110,000 affordable homes by 2032, of which at least 70% will be available for social rent and 10% will be in remote, rural and island communities. Our contribution to this objective is set out in the Wheatley Homes Glasgow 2021-26 strategy *Your Home, Your Community, Your Future* where we commit to deliver 1,000 new homes by 2026. To date we are on track to meet this commitment with 367 homes delivered at end March 2023.

***Stock management***

4.6 The Scottish Government's *Reducing the Use of Temporary Accommodation* strategy covers a number of areas where they consider how improved stock management by local authorities and registered social landlords, supported by the Government, could maximise the contribution of existing affordable homes to increase housing options for homeless households. These approaches include large scale flipping of tenancies, effective void management and greater allocations of social homes to homeless households, as well as homelessness prevention activity. We are already a very strong contributor and sector leader across all of those aspects, as set out in the Group Homelessness Policy 2021-26.

4.7 **Flipping of tenancies** – this refers to the opportunity to convert or 'flip' temporary accommodation to a permanent home to reduce transitions for homeless households where the property is of the right size and in the right location. We had already identified this opportunity within our Homelessness Policy, setting a target of 500 across Group by 2026. The Group is on track to deliver this with 275 delivered by the end of June 2023. Wheatley Homes Glasgow has delivered the majority of those totalling 232 permanent homes.

4.8 **Void management** – effective void management has always been a priority for us and our performance on void turnaround is considerably better than the Scottish average. To date this year, we are achieving 15.26 days to relet a property compared to an average of 56 days for members of the Scottish Housing Network in the 2022/23 ARC return. The Government has accepted the argument, made by ourselves and other housing providers, that delays in the reconnection or resetting of energy meters in void properties are negatively impacting on housing availability for occupation and contributing to the backlog in temporary accommodation. They have committed to bringing utility companies to the table to identify ways to improve this situation and we will continue to stay close to these discussions.

4.9 **Allocations** - the Scottish Government wants to see a greater share of allocations of social rented homes to homeless households in order to reduce the pressure on temporary accommodation. We have always been a sector leader in terms of both the number and percentage of properties which we make available to homeless households. Our Group Homelessness Policy commits to delivering 10,000 homes for homeless households by 2026 and the Group is on track to meet this with 5,430 delivered across Group by the end of June 2023. In the Wheatley Homes Glasgow 2021-26 strategy *Your Home, Your Community, Your Future* we have committed to delivering 6,500 homes for homeless households and to date we have delivered 3,375 of those.

4.10 Glasgow City Council made a formal approach to us and all other RSLs in Glasgow requesting that in 2023/24 we let at least 60% of our lets for homeless households. We responded positively to this request (as we had done is response to a similar request in the previous year) and as at the end of June we have let 64% of our homes to homeless households. We are not aware if other RSLs have followed our example in this however we do know that in previous years we have made a significantly higher contribution than most of the others. For example, in 2021/22 the overall figure for RSL lets to homeless households in Glasgow is 42% - this includes our figures so the combined average for other Glasgow RSLs will be lower than this.

4.11 In addition, during 2022 we undertook a comprehensive review of our allocations policy in conjunction with our customers. This included a review of the process we use to help match homeless households to available homes. The feedback we received from customers and other stakeholders was very positive about the helpfulness of this approach and we have now continued this as a permanent part of our policy. Due to the success, Glasgow City Council have been working with other landlords across the city to adopt the same approach.

***Prevention of homelessness***

4.12 Clearly preventing households from becoming homeless and therefore coming into temporary accommodation in the first place is equally as important as moving people from temporary to settled accommodation. Our Group Homelessness Policy has a strong commitment to tenancy sustainment and homelessness prevention. We have already achieved significant progress in this including a redesigned homelessness response to help end the repeat cycle of ASB, evictions and repeat homelessness.

4.13 This involves early review of cases by our teams to help ensure appropriate support and discussions at tenancy start. It is supported by our commitment to peaceful communities and employment and training opportunities for customers who have been affected by homelessness, as well as our wider approach to improving tenancy sustainment rates. We have improved our tenancy sustainment rate from 89.13% last year to 89.90% this year to date. This improvement has been achieved while accommodating increasing numbers of homeless households. In fact, our tenancy sustainment for homeless households is at 90%.

4.14 Our prevention and solutions approach to anti-social behaviour demonstrates how using the skills of all of our teams helps to provide a successful outcome for some of our most vulnerable customers. The approach is led by our Community Improvement Partnership and ensures that we take time to assess the root cause of issues as well as dealing with the immediate problems. This includes early intervention in cases identified from our new review approach. This approach helps us to identify customers who may need additional supports in place to try to prevent a repeat cycle of homelessness.

4.15 Our award winning Revive project was launched in 2021 and helps to support women fleeing violence. This project helps women to find accommodation and support in a different local authority area, where they choose this option. The project includes access to funding, furniture and wraparound support to help ensure the move is as easy as possible. This project won the “Excellence in housing innovation” category at last year’s Chartered Institute of Housing Awards.

4.16 Work to expand MyHousing to all our Lowther properties will be complete by Autumn. This will help to ensure that customers applying for social rented homes can also see availability of other tenures where that might be suitable for them (particularly those who have no priority under our policy). It also provides an accessible route to ensure that those looking for private or mid market rent can see everything that is available.

4.17 There are a number of other aspects of work underway. The review of our furnished lets service will ensure that it provides best value for money while meeting customer needs. Across the Group we have a range of nomination and lease agreements with local authorities, including within Glasgow. During this year these agreements will be reviewed and updated to ensure they provide the best arrangements for the customer, us and our partners.

## 5. Customer Engagement

5.1 The main element of engagement in 2022-23 was around the allocations process, one of the key changes was to consult on a potential change to match homeless customers to properties. This approach had been piloted during the Covid pandemic. We consulted specifically with customers who had been homeless to understand their views. 86% of those customers agreed the matching process was helpful in supporting them to find a home. This approach has now been fully implemented as part of the new policy which was formally launched in March 2023.

5.2 We explored the allocations customer journey during 2022 using an external company and external staff. This evaluated both the general needs customer journey and the homeless customer journey and further demonstrated that the matching process was working. The next stage will be to undertake further mapping with customers.

5.3 The Group Scrutiny Panel will shortly be undertaking a “spotlight” session on allocations. This will go through the legal requirements of the process, priorities and performance.

5.4 Finally, MyVoice for allocations is due to go live at the end of this month. This will provide real time feedback from customers as they move through the allocations process – applying for and getting their new home.

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

7.1 Our Group allocations service My Housing is our only fully digital customer service, and the roll-out of this to Wheatley Homes South in April 2023 has enabled our newest partner in the Group to take advantage of the benefits of this platform for their customers.

## 8. Financial and value for money implications

8.1 We have identified £6 million in the development budget which will be used to support our acquisition plans and any necessary investment works.

## 9. Legal, regulatory and charitable implications

9.1 Registered Social Landlords have a legal duty to assist local authorities in their homelessness duties. We are also required to report on a range of related indicators in the Annual Return on the Charter.

## 10. Risk Appetite and assessment

10.1 The matters covered in this report are reflected across a number of our strategic themes, including *Changing lives and communities* and *Making the most of our homes and assets*. Our risk appetite varies across these themes, but it is open in relation to operational delivery particularly in relation to increasing the supply of new homes and building community resilience.

## 11. Equalities implications

11.1 An Equalities Impact Assessment was carried out on our Homelessness Policy. This assessment reviewed the impact of actions against the protected characteristics identified in equalities legislation. It showed that the Policy will have a positive or neutral impact on all characteristics. The Assessment is currently being updated in preparation for the next review of the policy.

## 12. Key issues and conclusions

12.1 The Scottish Government has recently published a new strategy *Reducing the Use of Temporary Accommodation* which includes a range of approaches to reduce the number of homeless households in temporary accommodation and also the length of time households spend in temporary accommodation.

12.2 We are a strong contributor to the national objective of alleviating homelessness, and most of the approaches outlined in this strategy also feature within our Group Homelessness Policy. We are on track to deliver the 10,000 homes for homeless households which is a key commitment in the Group 2021-26 strategy *Your Home, Your Community, Your Future*.

12.3 As part of their new strategy, the Government has announced a ringfenced fund within the Affordable Housing Supply Programme of £60million for market acquisitions by local authorities and RSLs for social housing. We have been carrying out early engagement with local authorities to understand how we can access this funding to deliver more social rented homes in our areas.

## 13. Recommendations

13.1 Board is asked to provide feedback on and otherwise note the report

LIST OF APPENDICES:

None

Wheatley Homes Glasgow

# Report

**To:** **Wheatley Homes Glasgow Board**

**By:** **Frank McCafferty, Group Director of Repairs and Assets**

**Approved by:** **Steven Henderson, Group Chief Executive**

**Subject:** **Repairs update**

**Date of Meeting:** **11 August 2023**

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## 1. Purpose

1.1 To provide the Board with an update on the following, seeking approval where appropriate:

- progress with repairs service enhancements
- ongoing customer engagement to inform future service enhancements
- the key service-related findings from the CBG joint working group on CBG
- the revised repairs budget forecast for 2023/24
- updated Repairs and Maintenance Policy.

## 2. Authorising and strategic context

2.1 Under its Terms of Reference the Board is responsible for the oversight and scrutiny of service delivery and monitoring of performance. Repairs are a key driver for our overall tenant satisfaction and a key priority for our tenants.

2.2 Under the Group Standing Orders the Group Board is responsible for the overall Repairs and Maintenance Policy Framework, with our Board having responsibility for agreeing our own policy.

## 3. Background

3.1 As part of the March Board strategy workshop the Board discussed the work underway to evolve our repairs service based on a wide range of customer insight. This was set within the wider context of Board discussions on how we use customer insight to drive Board discussions and make service changes based on it.

3.2 It was agreed at the workshop that the refined approach and focus responded clearly to the views of tenants, and we should reflect this in our strategy, with strong Board oversight of delivery during this year.

3.3 The most recent analysis by the benchmarking organisation, Housemark, across the UK social housing sector indicates that *"Generally, repairs volumes have increased in recent months – often accompanied by a drop in the proportion of jobs completed within agreed timescales"*.

3.4 The analysis also shows average repairs satisfaction of 77.4% for the first quarter for comparator landlords across the UK.

## 4. Discussion

Service enhancements

4.1 Tenant feedback has consistently indicated that communication and improving the management of complex repair works (reducing the number of visits to complete a repair) are their key priorities and impact how satisfied they are with the service.

4.2 Our response to this focussed on three areas:

- introducing Book It, Track It, Rate it to improve communication;
- better monitoring of customer experience, to identify areas for improvement; and
- and the role of the MyRepairs team to help monitor and manage more complex repairs, to improve first time fix and give the customer a dedicated contact team for information on their repair

*Customer communication and satisfaction*

4.3 We have now extended Book It, Track It, Rate It to all appointed repairs. The feedback to date on the 'Track It' functionality has been positive, with customers indicating that the text message reminders and updates are a positive improvement in communication.

4.4 The 'Rate it' element seeks customer feedback on a scale of 1-5 and includes the option for customers to receive a call back. This element went live on 30$^{th}$ May and for June we received over c3,600 customer ratings with an average score of 4.5/5, the equivalent of 90%. The response rate has been rising, from 17.6% in June to 19.6% in July.

4.5 Whilst at an early stage this represents strong satisfaction levels since the introduction of Book It, Track It, Rate It. We are now considering how we can promote Book It, Track It, Rate It with customers to drive up the response rate to provide us with a wider sample size.

4.6 As we bedded in Book It, Track It, Rate It we have continued to in parallel undertake call-backs on a random sample of completed repairs via our MyRepairs team through April to July. For the West we completed 915 surveys over this period and achieved an average satisfaction level of 93%.

4.7 Our Annual Return on the Charter repairs satisfaction levels remain high at 89.03% for the rolling 12-month period, from 2,880 responses. Customer feedback on completed repairs tends to be higher than general customer satisfaction on repairs, as the latter includes customers waiting for repairs to be completed. However, the results so far from our Book It, Track It, Rate It model are encouraging.

*MyRepairs, City Building collaboration and first time fix*

4.8 An area of customer feedback we continue to focus on is the insight from repairs-related complaints. Whilst the number of complaints relating to repairs represents a very small proportion relative to the number of repairs carried out, at 1% for the period April-June 2023, they still represent 58.5% of our complaints overall for the year to date.

4.9 Our analysis of repairs complaints has identified areas where we could refine our processes to improve customer communication and prevent complaints from arising or escalating in future. Our MyRepairs team are increasingly using data and reporting functions from the recently-upgraded City Building repairs system (Servitor) to identify repairs that require proactive communication with tenants, for example where there may be a delay due to materials needing to be ordered or no access was reported by the trades operative.

4.10 In order to minimise the number of complaints escalating to Stage 2 we are introducing daily meetings alongside City Building to closely and proactively monitor commitments we have made to customers in dealing with Stage 1 complaints.

4.11 Ease of reporting repairs and completion within agreed timescales are key drivers of satisfaction. Our Customer First Centre continues to make reporting repairs on the phone straightforward for tenants and the work referred to above focuses on, amongst other things, improving our completion timescales, which are better than they were at the 2022/23 year end.

4.12 City Building deliver our repairs service and their role is central to improving tenant satisfaction. Other measures we have taken with City Building include:

- closer monitoring of operative productivity, reducing overtime and using the wider City Building resource pool (including through City Building (Contracts), thereby reducing reliance on sub-contractors – where tenant feedback indicates consistency in service standards can be more variable
- delivering Customer Service Excellence training to tradespersons to reinforce the “Thinking Yes Together” culture and to build on their skills and experience to deliver excellent customer service every day in their role.

Customer engagement and insight

4.13 Our recently refreshed Group Scrutiny Panel (“the Panel”) has selected repairs as the subject for its first thematic review. The Panel met on 26 July to discuss which aspect of repairs it wished to consider and agreed on communications as the focus. Over the next three months, the Panel will scrutinise the end-to-end customer repairs journey, from the initial report through to completion.

4.14 As part of this the Panel will visit the Customer First Centre, have the opportunity to meet with call handlers and managers there, as well as the MyRepairs team, and be kept up to date with improvements we are making. Following completion of this fieldwork, the Panel will then meet to agree a final report and make recommendations for how we can continue to improve the service. The recommendations and our response, which will be co-created with the Panel will thereafter be brought back to the Board.

Demand and budget position

4.15 Levels of customer demand for repairs remains high; a pattern that is being experienced by most social landlords in the UK as confirmed by the recent Housemark benchmarking analysis. Over 2022/23 reactive repair job numbers were 28% higher than the comparative pre-pandemic period in 2019/20.

4.16 The most recent figures from the first quarter of the 2023/24 financial year shows that demand levels continue to grow compared to the first quarter of 2022/23 and a number of one-off items which were assumed to be connected to the Covid related backlog have become more persistent in nature. This has resulted in repairs spend £1.8m higher than budget for the period to 30 June 2023.

4.17 Analysis of repairs data over recent years, taking account of the Covid period, shows a growth in the proportion of larger, more complex and replacement/renewal works. Some of the latter category could be better dealt with as part of our capital programme or through repair rather than complete replacement. This is having an effect on both our financial position, and the average timescales to complete non-emergency repairs, which remains over our 7-day target at 8.4 days. In the context of our repairs policy, we aim to deal with routine appointed non-emergency repairs in 15 working days, and the average for the year to date is 4.6 days. For the larger, more complex, often multi-trade type, we aim to complete these within 30 working days, and the average is 18.1 days this year. However, the relative growth in the latter type of jobs is influencing the blended average.

4.18 We have instituted a range of measures, including revised training for staff and splitting of the previous “repair/renewal” ordering codes to make clearer where full component replacement of doors, bathrooms, full replastering, etc should be undertaken and where these works should form part of a managed capital investment programme project. We have also deferred some items in our capital programme to accommodate the extra repairs costs, as well as utilising forecast underspends in other budget lines.

4.19 Efficiencies in City Building also influence our financial position, as we receive a share of its surplus. Measures to improve operative utilisation and productivity, reduce fleet numbers (eg through sharing of vans) and reducing subcontractors have all been put in place.

4.20 On the basis that the higher repairs baseline driven by higher demand and inflation will continue into 2024/25 we will revert with a package of measures to reset our capital investment programme and service model to manage our financial position through the next three years. This will be brought to the November Board meeting in conjunction with discussion on 2024/25 rent setting.

Repairs and Maintenance Policy

4.21 As part of a wider review of our full policy suite we have accelerated the review of our Repairs and Maintenance Policy. The Policy was last agreed in November 2021. At that time, the Board feedback was that the policy was long and complex and that a customer-facing version was necessary which should focus on the customer’s rights and responsibilities and our legal requirements.

4.22 This feedback has been reflected in the review of our Policy, which has also been updated to reflect our currently agreed timescales. Non-core areas such as our plans to develop the service in future and our internal service improvement and performance monitoring processes have been removed. An updated copy of the Policy, which largely replicates the current customer facing version with consequential updates, is attached at Appendix 1.

City Building - joint working group with Glasgow City Council

4.23 We are in the final stages of the joint review of City Building (Glasgow) with Glasgow City Council ("GCC"). The review contained five key workstreams: Strategic Agreement and Work programme; Procurement; Legal and Governance; Finance; and People, HR and Engagement.

4.24 The recommendations arising from the review are currently being finalised in partnership with GCC. The majority of the findings relate to operational process improvements and we will provide an update to the next Board meeting on these.

4.25 The key focus from a service perspective is how City Building ensures that it has a longer-term workforce plan to reflect the needs of our customers, has a strong focus on productivity and efficiency, and how it leverages technology to support both service and business improvement as we transition to green technologies and increasingly focus on energy efficiency.

## 5. Customer Engagement

5.1 We carried out focus groups with customers to understand what kind of communication they would like to see from us in terms of repairs. Their feedback helped to shape the development of the Book It;Track It;Rate It app.

5.2 Following the roll out of this app to customers we have been able to develop our customer insight through direct feedback from customers in rating their experience.

5.3 The Group Scrutiny Panel identified the repairs service as one of its key priorities and has set up a sub-group to carry out a thematic exploration of our repairs service. Activities will include visiting the CFC; listening to anonymised calls; and carrying out customer journey mapping of the end-to-end repairs service.

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

7.1 Repairs are a key element of our digital transformation programme, ranging from Book It, Track It, Rate It, to our online services and the wider platforms we use to manage and deliver the service.

7.2 Our digital transformation programme is fully aligned and prioritised towards supporting the evolution and improvement of our repairs service.

## 8. Financial and value for money implications

8.1 The repairs improvement plan includes action to increase the efficiency of the repairs service which in turn will increase value for money across the delivery of repairs to customers.

8.2 The additional £8.8m provision for repairs in 2023/24 can be contained within the context of the overall RSL borrower group budget following the implementation of a number of mitigating measures including the deferral of core investment projects.

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

9.1 There are no direct legal, regulatory or charitable implications arising from this report. The Repairs and Maintenance Policy includes details about our repairs and maintenance responsibilities as a landlord and how we will meet our compliance requirements.

**10. Risk Appetite and assessment**

10.1 Our agreed risk appetite against the outcome, investing in existing homes and environments, ranges from open in relation to operational delivery to cautious in relation to finance/value for money. 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 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.

**11. Equalities implications**

11.1 There are no equalities implications associated with this report.

**12. Key issues and conclusions**

12.1 The repairs service is a key priority for our customers and a key driver of satisfaction. Good progress has been made in improving our repairs service in the focus areas identified in the March 2023 report to board. Book it, Track it, Rate it has now implemented improving communication and providing excellent information and feedback. The MyRepairs team have also been established during this period, with the final resources in place this month. These improvements have seen a positive impact on the level of customer service and have increased customer satisfaction.

12.3 We will continue to focus on continually evolving and improving our repairs service, taking into account customer feedback, insight and direct engagement with our Group Scrutiny Panel.

12.4 The demand for repairs, consistent with the wider sector across the UK, remains higher post pandemic.

**13. Recommendations**

13.1 The Board is asked to:

1) note the progress with repairs service enhancements;
2) note ongoing customer engagement to inform future service enhancements;
3) note the key service-related findings from the GCC joint working group;
4) note the revised repairs budget forecast for 2023/24; and
5) approve the updated Repairs and Maintenance Policy which remains within the wider Group framework.

LIST OF APPENDICES:

Appendix 1 – Updated Repairs and Maintenance Policy available here

**Report**

| | |
|---|---|
| **To:** | **Wheatley Homes Glasgow Board** |
| **By:** | **Laura Pluck, Group Director of Communities** |
| **Approved by:** | **Steven Henderson, Group Chief Executive** |
| **Subject:** | **Customer First Centre – independent evaluation** |
| **Date of Meeting:** | **11 August 2023** |

## 1. Purpose

1.1 The purpose of this report is to:
- outline the findings of the independent evaluation of the first full year of the Customer First Centre ("CFC") and;
- outline the recommendations highlighted in the evaluation report and the response to these.

## 2. Authorising and strategic context

2.1 Under our Terms of Reference, our Board is responsible for setting our 5-year strategy and monitoring our performance. The Group Chief Executive is responsible for implementing our strategy. The report provides the findings of the evaluation of the group-wide CFC, which is a strategic project, following its first full year of operation.

2.2 As the first point of contact for our customers the CFC is critical to achieving our strategic aim of; 'Delivering Exceptional Customer Experience' and 90% overall customer satisfaction.

## 3. Background

3.1 The CFC was created in December 2021 and launched to our customers in April 2022 as a fundamental part of our revised operating model. A key aim of our new operating model was to ensure that our frontline teams were visible and even more present within their local communities by directing everyday interactions with customers to our new specialist and enhanced CFC. The CFC is focused on resolving 90% of all queries and service requests at the first point of contact. The CFC currently offers a service to customers 24/7 across 365 days of the year.

3.2 Prior to the launch of the CFC there was a basic call centre operating across all subsidiaries with a headcount of c60 call handlers. The launch of the CFC saw the headcount of Customer Service Advisors increase to 150 and the creation of two additional specialist support teams within the CFC comprising of Housing Officers and Lowther Agents. In January 2023 an additional distinct Repairs Specialist Team (My Repairs) was created to support customer of Wheatley Homes Glasgow, to support quicker resolution of complex repair enquiries.

3.3 In establishing the bespoke Advisor and Specialist model it was envisaged that the CFC would be much better equipped to provide an exceptional customer experience while responding to and more importantly resolving customer issues. This would enable housing officers to invest more time in enhancing the face-to-face service offering in customers' homes and communities.

3.4 As the ‘front door’ for customers to access our wide suite of services, the quality of the CFC operations and performance is of increasing importance in driving overall customer satisfaction.

3.5 An independent evaluation of the CFC following its first full year of operation was approved by the Group Board as part of the strategic delivery plan. In March 2023 we commissioned Ennovate Consultancy to carry out the evaluation. The project brief required Ennovate to:

- Carry out a desktop review of the CFC’s performance against targets over the first year of operation.
- Assess the CFC across its functions and role as a Contact Centre; and
- Highlight any opportunities for improvement.

3.6 Ennovate is a consultancy firm operating in all aspects of Contact Centre Operations. The report author is an experienced Contact Centre professional with over 30 years' experience, operating at an Executive level for the last 10 years across both the public and private sectors. Ennovate aims to work with clients to drive sustainable improvements aligned with their specific corporate goals.

## 4. Discussion

4.1 Ennovate began its review at the end of March 2023. The review was structured and included an assessment of operational data, with multiple interviews and focus groups with a range of CFC staff and senior leaders across the Housing and Property Directorate. The evaluation report contains a wide range of both strategic and detailed operational points, with the key issues summarised in this report. Recommendations for improvement from the evaluation are summarised across each key focus area and are also detailed below. A copy of the full report is available on request.

4.2 Overall, Ennovate assessed that there has been significant progress in developing the CFC in its first 12 months of operations. **‘Overall, a very strong first year, implementing and embedding new people, new processes and systems in a relatively short space of time.’**

4.3 The report outlines that robust foundations have been laid that will pave the way for further evolution of the CFC including the significant strengthening of the senior team and investment in the operational leadership team. **‘Over the last 6 months the Leadership Team has been strengthened, with key appointments and some strong hires bringing a broad and deep Contact Centre experience, putting the CFC in a position to further maximize the opportunity to continuously improve and develop the CFC offering.’**

4.4 Performance was outlined as having been strong, with marked improvements across all key metrics and in some areas, bucking the national trends for Contact Centres. Nationally Contact Centres are reporting an increase to c9% of calls being abandoned and Average Wait Times increasing to 100 seconds with some organisations reporting Average Wait Times of 350 seconds.

4.5 Since the CFC is a group-wide service, performance is measured at that level. Key group-wide performance highlights include:

- 8% increase on calls being offered and overall, a 23% increase in inbound calls handled.
- 18% increase in the number of calls being answered in 30 seconds.
- c75% reduction in Average Wait Times to <60 seconds.
- c75% reduction in calls being abandoned to 4.7%.

| Metric | 2022/23 | 2021/22 |
|---|---|---|
| **Call volume (inbound)** | 854,527 | 793,751 |
| **Grade of Service** | 77% | 58% |
| **Average Wait Time** | 58 seconds | 216 seconds |
| **First Contact Resolution** | 89% | n/a |
| **Average Handle Time** | 509 seconds | 499 seconds |
| **Webchat** | 15,578 | 12,196 |
| **Headcount** | 147 | 68 |

4.6 The evaluation assessed performance in key focus areas across the CFC functions with relevant recommendations for improvement included in each section. Overall, there are 17 recommendations for improvement, all without exception which are already being addressed or are detailed in the CFC or wider business improvement plans for 2023/24. The key areas in focus are outlined and the findings are summarised below:

- The Operating Model.
- Demand and Capacity Planning.
- Customer Insight and Quality.
- Reporting, Analytics and Metrics.
- Channels and Self-serve.

The Operating Model

4.7 The new Advisor and Specialist model and increased headcount of advisors was viewed as a real positive change which is making a difference to the CFC's ability to respond to customer demand, resolve customer issues promptly and improve the customer experience. *‘**The Specialist Teams, including the addition of the more recent My Repairs Team, has really helped to get more complex customer issues resolved, more quickly.’*** This is not only improving the customer experience and the time taken to resolve their issues but also supporting a reduction in the average time taken to handle a call and as such freeing up advisors to answer calls more quickly.

4.8 Stakeholder feedback was cited as being almost universally positive with senior leaders and frontline staff clear about the benefits the operating model gives while noting that there is an opportunity for further support to be offered to frontline teams as the CFC develops and methodically and systematically drives out waste demand or service inefficiency.

4.9 This section recommended 4 key areas for improvement which centred on:
- Continued investment in staff development.
- Knowledge Management.
- Review of the hybrid working arrangements.
- Approaches to customer resolution and continuous improvement.

4.10 The report highlighted the high degree of complexity that has arisen from the changes within the Group RSLs and other subsidiaries over time (such as our partnership with Cube), along with the pace of change in the organisation and the scope of service offering, meaning that the breadth of knowledge and skill required to be able to successfully respond and resolve 90% of customer issues is a constant challenge. It is therefore critical that staff are appropriately multi-skilled and supported to continuously develop their knowledge while having robust tools in place to support them in their daily interactions with customers.

4.11 In the last year an enhanced learning and development programme for the CFC teams with dedicated CFC Academy specialists has been introduced, working hand in hand with the leadership team to ensure this continues to develop and flex to meet staff needs. We have commenced work to fully review the end-to-end learning and development programme from induction to exit, across all roles in the CFC to ensure that it is effective and fit for purpose while balancing the need for staff to be available to interact with customers for the majority of their working day.

4.12 Knowledge Management systems across the Contact Centre industry are considered essential in minimising training efforts and providing advisors with clear direction on the range of customer issues. CFC staff have a number of ways that they access knowledge when interacting with a customer including:
- knowledge articles on ASTRA
- the intranet
- our website
- sharing knowledge and experience through teams
- specific project guidance; and
- written daily briefing by leads.

4.13 While this works in the main, as reflected in Customer Satisfaction with CFC interactions at 4.3/5 a Knowledge Management Framework is under development which will set out our approach to managing knowledge within the CFC, including: how it is received and shared from across the business; how we ensure that knowledge can be easily accessible and succinct yet sufficient; and the processes for maintaining and updating this knowledge. The first iteration of the framework will be concluded and implemented in the Autumn with a full review of our approach as we implement our new Contact Centre Platform in 2024 which has specific knowledge functionality within it.

4.14 The CFC (in its previous iteration) successfully worked from home throughout the pandemic with staff appropriately equipped to do their role from their home. As we established the new operating model including the revised CFC, hybrid working was adopted full time. This, along with the suite of terms and conditions, has allowed us to recruit with ease. The approach to hybrid working to date has been on a demand-led basis with staff coming to the office when there is a specific need such as collaboration, training, or staff events. We will review this approach to ensure that the CFC performance is not being hindered in any way.

4.15 The evaluation highlighted the need for further strengthening the resolution pathways that have been established in the first year of operations to ensure that the correct staff are dealing with the most relevant service queries at all times. A review of the guidance outlining what should be handled by different roles within the CFC is currently being carried out and will be revised further following work with Vanguard – expert consultants in business processes and productivity – which is planned during the Summer to review customer journeys within the CFC.

4.16 While our housing and property teams were very positive about the CFC, the evaluation highlighted the opportunities to continue to work together to ensure there is a clearly defined set of joint priority activities to ensure the CFC continues to evolve in the right way. Our senior housing staff work closely with the CFC on a daily basis and meet more formally with them on a monthly basis at a minimum to discuss areas for improvement and agree on priority actions.

4.17 CFC staff, both advisors and specialists, have attended our staff events in recent months to build relationships and gain a deeper understanding of the importance of their respective roles in supporting our ambitions.

Demand and Capacity Planning

4.18 The report highlighted the critical nature of the resource planning functions to the smooth running of any Contact Centre. It is crucial that customer demand is understood across every operating hour so that we can have the right people in the right place at the right time. There are several contributing factors to good resource planning as highlighted in the evaluation including:

- Appropriate resource
- Skilled planners
- Appropriate planning processes
- Robust workforce management systems; and
- Processes for managing and controlling business activity that is likely to create a short-notice influx in demand.

4.19 The report draws attention to the need to develop the resource planning function across all these areas further to allow for a more robust approach to resource planning generally and maximise the efficiency of resources. Allowing for medium to long-term forecasts of service levels whilst resourcing anticipated peaks in demand. In the last 6 months, the resource and planning team has expanded. This includes the appointment of an experienced Head of Resource and Planning which the evaluation acknowledges as a positive move to boost this discipline further within the CFC.

4.20 Within the first weeks of the expansion of the Resource and Planning team they have already made strides towards a more solid approach to resource planning including but not limited to:

- A deep dive into call demand profile and reviewed against staff shift profile making alterations to patterns of work to better reflect demand requirements.
- Developing a performance metric scorecard relating to all channels within the contact centre. This means they are no longer reviewing and talking about just voice, but digital channels also.
- Creating a system that more easily monitors day to day performance, freeing up valuable resources to focus on longer term planning and analysis.
- Setting up a planning process for the team to analyse the previous day's performance and link with operational leads daily on this and any actions required.
- Identifying development opportunities for the resource and planning team through membership of the Contact Centre Forum.

4.21 A formal Resource and Planning Strategy is being developed for the CFC with the first draft being prepared now. This will consider the year-round need in the CFC and what approaches can be developed to ensure the CFC can continue to meet demand across all channels when it fluctuates. This will include a cross-divisional approach to managing and monitoring business activity which impacts demand in the CFC. Discussions exploring potential solutions to maximise resources have included options such as annualised contracts, an outsourcing partnership or the use of other teams within and out with the CFC for periods of exceptional demand. Agreed approaches will be reflected in the strategy.

4.22 The evaluation highlights that the current Workforce Management (WFM) tool currently used by the resource planners is both limited and is approaching the end of life. While the WFM tool works, it is frequently augmented using spreadsheets, has no self-serve function for staff to manage their own work schedule and does not support planning for channels other than telephony. A new Contact Centre Platform is now being procured and over the next 18 months will address all of the areas highlighted throughout this section of the report.

<u>Customer Insight and Quality</u>

4.23 In the Contact Centre setting Quality Management (QM) is crucial to delivering consistently high standards of service and supporting staff and the leadership team to identify key learning needs for individuals and as a collective team in addition to evidencing potential issues with processes. A key part of this entails listening to call recordings to review staff performance against clearly set out criteria and expectations. The evaluation report notes that the mechanisms for Quality Management within the CFC have been limited until recently but highlights that progress has been made with agreed Quality Assessment Criteria now set and levels of monitoring agreed and in place.

4.24 Quality Management is the direct responsibility of the 8 Team Coordinators who line manage the Customer Service Advisors and, as described above, the process of monitoring quality is manual. Further improvements to Quality Management will be implemented through the introduction of the new Contact Centre Platform. This includes the ability to transcribe call recordings to pull out customer sentiment through the mining of natural language and issuing quality scorecards to ensure advisors hit the same consistently high standards of customer experience. This will mean better reporting on trends and bespoke training and development plans for individual advisors based on the information gathered.

4.25 The evaluation assessed that there has been a significant step forward in customer insight in the CFC since the introduction of My Voice – the customer sentiment tool. After a successful 12-week pilot early in 2023 the tool is routinely being used to survey customers who contact the CFC and gather levels of satisfaction and comments on the service from those customers. A healthy 23 – 25% response rate has remained steady across the wider Group throughout the last 4 months with satisfaction levels a strong 4.3/5. Our satisfaction levels have been the highest in the Group at 4.4/5 to June 2023. The CFC will continue to build the sentiment dashboards within the tool which will assist them in clearly identifying the overall sentiment of our customers and where we need to target improvements. The dashboards are deemed unreliable until approximately 6,000 individual pieces of feedback have been received. We expect to reach this throughout the second quarter.

4.26 The review highlights the need for clear structures across the organisation as we widen the use of My Voice for collecting customer insight, analysing this, and ensuring it is used routinely to inform service improvements. The approach for analysing and assessing customer insight has been established with business leads identified to take responsibility for turning insight into actionable improvement plans across each pillar of insight. The Customer Experience Team within the CFC have responsibility for the process of coordinating the management of the CFC specific sentiment and feedback. As the tool is expanded across different pillars, they will also have responsibility for overseeing the collection and dissemination of insight across the organisation and for retaining an overview of overall customer sentiment gathered through My Voice.

Reporting Analytics and Metrics

4.27 The evaluation assessed that there is currently a comprehensive suite of reporting tools that are used within the CFC to enable Operational Leads and Team Coordinators to review and understand the performance of the CFC and individual teams within it.

4.28 A number of actions were recommended to improve and enhance reporting including; evolving performance dashboards to include all channels used within the CFC, creating a scorecard that brings all business intelligence together in one place for CFC leads and harnessing opportunities being presented by the replacement of the telephony platform.

4.29 As described earlier in the report the expanded Resource and Planning team have already developed a wider set of reporting to routinely include digital channels. The new platform currently being purchased already has a built in a suite of 40 reports that CFC will be able to use, with an ability to build as many bespoke reports as is required using the data within the platform. As part of the project to replace the current platform we have appointed an additional CFC data analyst to bolster capacity in this area. As we implement the new platform, we intend to revise our CFC Performance Framework overall based on new capabilities within the system.

Channels and Self-serve

4.30 The vast majority of our customers contact into the CFC continues to come via the telephony channel with a relatively small increase in the use of emails, webchat and self-serve throughout the last year. The evaluation report highlights that the time is right to define and agree a target operating model and associated channel strategy for the organisation more clearly. This would focus on providing our customers with choice and helping to drive successful outcomes for both the customer and the business and the need for a robust marketing programme which reflects the agreed strategy.

4.31 Our 2021-2026 strategy already has a suite of targets linked to increasing the use of digital services by 2026 while ensuring none of our customers are left behind, and as such this has been an area of focus for the business over the last 9 months. A number of actions have been taken throughout this time with additional actions planned for the coming 12 months to reflect our agreed targets.

4.32 Key actions taken already include:-

- Improvements to the email routing and inboxes available and publicised for customers with dedicated staff managing email to have a more consistent and improved customer experience.
- Review of webform categorisation to direct customers to the most appropriate channel.
- Reintroduction of the use of web self-service for specific service requests including repairs.
- Improved navigation within web self-service for ease of use.
- 2500 Group customers engaged to garner insight and drive priority for improvements across our digital services offering.
- A small-scale test of change of a dedicated digital team within the CFC has commenced. The impact and outcomes from this will be monitored over the next 12 weeks with a final review at the end of the test period towards the end of October.

4.33 The implementation of the new Contact Centre Platform throughout 2023/24 will pave the way to create opportunities to improve customer contact options and steer our channel strategy as we further develop this.

4.34 As outlined at the start of the report the overall assessment one year on is that the CFC has had a strong start in its first 12-18 months of operations. There are a number of actions recommended that will strengthen and enhance the CFC performance, all of which have already been addressed or are part of the wider CFC annual improvement plan for 2023/24.

4.35 As the CFC matures and evolves the introduction of the new Contact Centre Platform is an opportunity to leverage additional capabilities to realise the full potential of the CFC in offering exceptional customer experience.

## 5. Customer Engagement

5.1 Customer feedback from our “My Voice” electronic feedback tool informed the findings of the report and helped to demonstrate the current levels of satisfaction with the service offered by the CFC. Customer engagement has been carried out recently on Digital Services and will continue to inform the development of digital services within the CFC.

## 6. Environmental and sustainability implications

6.1 The CFC is based across Lipton House in Glasgow and Brasswell in Dumfries, with staff working from home and office as part of our hybrid operating model. Vicarious carbon targets of home working are also considered when Planet Mark assesses the carbon footprint of our corporate estate. Overall, the carbon footprint from our corporate estate is on an improving trend.

6.2 Both Brasswell and Lipton House offices have recently been transferred over to 100% renewable energy supplies alongside the remainder of our corporate estate. This has been achieved by working with EDF Energy. Four electric vehicle charging outlets have recently been installed at Lipton House.

6.3 The eventual move to a cloud-based telephony platform (Storm) by Q1 of 2024/25 will mean that we will expend less energy by ceasing to operate the current on-premise telephony platform at Lipton House.

## 7. Digital transformation alignment

7.1 Our Strategy sets a clear direction and is underpinned by digital progression. The CFC currently manage contact with customers across emails, webforms and webchat as part of their daily interactions.

7.2 The evaluation sets out recommendations to leverage digital and self-service interactions through harnessing the opportunities presented by the new CFC Platform and the development of a clear channel strategy for the CFC and the wider organisation.

## 8. Financial and value for money implications

8.1 The review acknowledges that the investment in staff resources has delivered improved customer metrics such as Grade of Service and Average Handle Time and Average Wait Time. This makes for a quicker and more efficient service to our customers.

8.2 The upcoming Contact Centre Platform will further improve upon these metrics and offer an increasingly personalised, effective and efficient service.

## 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 independent evaluation of the first year of the CFC supports our ambitions across the strategic theme of *Delivering Exceptional Customer Experience*. Our risk appetite in relation to operational delivery for the outcomes across this theme is open.

10.2 This means that we encourage innovation and, in some cases a desire to 'break the mould' and challenge current working practices. The findings and suggested areas for further development outlined in the report are consistent with these risk appetites.

10.3 The key risks arising from this report are:

**Failure to progress key areas for improvement impacting customer experience and satisfaction.** A CFC Improvement Plan has been developed by the leadership team and will be progressed over the next 12 – 15 months. The plan includes action to address any areas for improvement highlighted within the evaluation.

## 11. Equalities implications

11.1 There are no equalities implications arising directly from this report. As key actions progress, we will consider the need for Equalities Impact Assessment at the appropriate juncture.

## 12. Key issues and conclusions

12.1 The Customer First Centre was created in December 2021 and launched to customers in April 2022 as a fundamental part of our revised operating model. A key aim of our new operating model was to ensure that our frontline teams were visible and even more present within their local communities by directing everyday interactions with customers to our new specialist and enhanced Customer First Centre ("CFC") with the aim of resolving 90% of all queries and service requests at the first point of contact. The CFC currently offers a service to customers 24/7 across 365 days of the year.

12.2 As the 'front door' for customers to access our wide suite of services, the quality of the CFC operations and performance is of increasing importance in driving overall customer satisfaction.

12.3 An independent evaluation of the CFC was carried out over April and early May. The evaluation outlines that the CFC has had a strong first year with much evidence to support that the new model is helping deliver an improved customer experience across key metrics.

12.4 A number of recommendations were made throughout the report which focus on further evolving and improving the efficiency and effectiveness of the CFC as the first and main point of contact for our 43,000 customers.

12.5 The areas for improvement were already identified by the leadership team responsible for the CFC and as such many actions are already underway or are planned which reflect the report's findings. The progression and evolution of the CFC are critical to improving the customer experience and customer satisfaction.

## 13. Recommendations

13.1 The Board is asked to note:

1) the findings of the independent evaluation of the first full year of the Customer First Centre; and
2) the recommendations highlighted in the evaluation report and our response to these.

LIST OF APPENDICES:

None

Report

**To:** Wheatley Homes Glasgow Board

**By:** Aisling Mylrea, Wheatley Homes Glasgow Director

**Approved by:** Steven Henderson, Group Chief Executive

**Subject:** Performance Report

**Date of Meeting:** 11 August 2023

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## 1. Purpose

1.1 This report presents an update on performance delivery against targets and strategic projects for 2023/24 as of the end of quarter one.

## 2. Authorising and strategic context

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

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") agreed in June 2021. Given the need to remain agile and flexible through the life of the strategy, our PMF is subject to annual review. The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2023. Our Board subsequently agreed its own specific performance measures and targets at its meeting on 19 May 2023.

## 3. Background

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

3.2 This includes progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Annual Return on the Charter 2023/24. Complaints performance, including Charter and the Scottish Public Sector Ombudsman (SPSO), will be reported bi-annually (at Q2 and Q4).

3.3 This report also now includes the new Customer First Centre ("CFC") measure based on customer satisfaction with calls, the CFC Customer Satisfaction ("CSAT") score which, as with Book It, Track It, Rate it asks customers to score the CFC on a 1-5 scale.

3.4 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 1 continue to report legacy properties as "WHG A" and former Cube properties that transferred in April 2021 as "WHG B". The main body of the report uses combined "WHG C" figures.

## 4. Discussion

**Delivering Exceptional Customer Experience**

Customer First Centre

4.1 The Customer First Centre (“CFC”) is now firmly established as a core part of our operating model and has recorded a strong baseline for customer satisfaction through the newly introduced CSAT score. Year to date results for 2023/24 as at the end of Quarter 1 are presented in Table 1.

**Table 1**

| Measure | 2023/24 | | |
|---|---|---|---|
| | Value YTD | Target | Status |
| WHG - CSAT score (customer satisfaction) | 4.4 | 4.5 | |
| WHG - % calls answered <30 seconds (Grade of Service) | 67.99% | Contextual | N/A |
| WHG - Average waiting time (seconds) | 62 | Contextual | N/A |
| WHG - Call abandonment rate | 5.52% | 5% | |
| Group - % first contact resolution at CFC (Customer Service Advisors) | 85.79% | 90% | |
| Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution | 5.14% | <10% | |

4.2 We now offer customers calling the CFC, with the exception of repairs calls, the opportunity to provide feedback on their interaction. We must hold a mobile number or email address to issue the survey, with customer satisfaction scored out of 5. Our CFC CSAT score is 4.4 at the end of quarter 1 and is considered a strong baseline. The CFC has a framework for analysing feedback and implementing initiatives to address any areas that may require improvement, informing progress towards the CSAT target of 4.5/5.

4.3 At the end of the first quarter the CFC has answered 75,138 calls with 67.99% of these answered within 30 seconds and the average wait time 62 seconds. Calls abandoned were slightly above target at 5.52% but well below industry benchmark of c9%.

4.4 While we do not have a set target for ‘Grade of Service’ we aim to answer 80% of all calls in 30 seconds. There are 3 factors that have impacted the ‘Grade of Service’ in the first quarter; increase in call demand against forecast at certain periods, an increase in the ‘Average Handle Time’ for calls and a reduced number of ‘call handling’ hours available. CFC performance is monitored and reviewed daily by the resource planning and operations leads, creating relevant action plans reflective of performance with a current focus on (1) reducing Average Handle Times by 60 seconds through increased knowledge and skills development and (2) increasing the amount of ‘call handling’ hours available. There are several factors that impact the call handling hours available including but not limited to, time spent on learning and development, team meetings, group-wide collaboration sessions and assistance time required by call handlers either during or after calls to conclude service queries.

4.5 Across the Group, CFC Customer Service Advisors (CSAs) have resolved 85.79% of calls handled at first contact. The My Repairs Team continues to be a valuable asset for the CFC in dealing with more complex repairs calls. While this means CSAs do not resolve these at first contact, the aim is to ensure customers experience an improved end to end service. In addition, the CFC continue to support Housing and Lowther staff to ensure efficient resolution, passing only approx. one case per Housing Officer each week.

4.6 Following the discussion at the Board's strategy session in March, we have introduced a Digital Team in the CFC to increase our capacity to handle digital interactions and keep customers in digital channels. The purpose of the dedicated team is to improve customer experience across digital channels and determine whether more efficient and effective use of digital channels reduces telephony demand. The role of the test team is to offer and promote webchat services, triage and manage inbound emails and online messages redirecting appropriately where first contact resolution is not possible and encourage customers with Web Self Service (WSS) to make more use of these services. The impact of this team is being monitored and will be formally reviewed at the end of the test period in late October.

Tenancy Sustainment

4.7 We continue to support our customers to sustain their tenancies and to deliver strong performance relative to both the Scottish Housing Regulator's Charter measure and our revised indicator, which excludes deaths and transfers to other homes in the Group. We are currently only 3 of 3,059 new lets short of our Charter target.

**Table 2**

| Tenancy Sustainment | Charter YTD | 2023/24 Target | Revised YTD | 2023/24 Target |
|---|---|---|---|---|
| WHG | 89.90% | 90% | 91.40% | 91% |

## Making the Most of Our Homes and Assets

New Build Programme

4.8 Our target is to deliver a total of 55 new MMR homes in 2023/24. Year to date to the end of quarter 1 we have completed 9 new homes.

4.9 These 9 handovers at Sighthill, bringing the number of completions at this site to 59 for the first phase. There are further handovers at Sighthill planned into quarter 2.

**Table 3**

| Sites | Handovers (YTD) | Target (YTD) | Difference in handovers to 30 June |
|---|---|---|---|
| Sighthill Ph 1 (MMR) | 9 | 9 | 0 |

Planned to Reactive Spending

4.10 We set a strategic result to achieve a ratio of 60% planned to 40% reactive spend on maintaining our properties over the life of our strategy. The business plan assumes a 53% forecast for planned spend in 2023/24. Spend figures are subject to investment programme profiling throughout the year. Planned Spend includes core capital programmes, cyclical maintenance, and compliance.

4.11 As shown in Table 6, our planned spend ratio is now 37.9% year to date to the end of quarter 1. This has reduced from the position to the end of the previous year (48.4%). The increase in variance for planned spend compared to full year 2022/23 is the result of prioritisation of reactive repairs and the ongoing high repairs demand and means that we are unlikely to achieve 60% target or 53% forecast by year end.

**Table 4**

| Percentage Spend | 2022/23 Planned spend | 2023/24 YTD Planned | 2023/24 YTD Reactive |
|---|---|---|---|
| WHG | 48.4% | 37.9% | 62.1% |

Volume of Emergency Repairs

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

4.13 Emergency repair numbers are 499 less than the same point in 2022/23, a variance of -2.67%. While this is below target it is an improvement on +4.4% in 2022/23 as measured against the previous 2021/22 baseline year. While customer demand has an impact on this measure, work is continuing with CFC to ensure emergency repairs are diagnosed appropriately.

**Table 5**

| Completed emergency repairs | YTD 22/23 | YTD 23/24 | Variance |
|---|---|---|---|
| WHG | 18,714 | 18,215 | -2.67% |

Repairs Timescales and Right First Time

4.14 Our average time taken for emergency repairs is 2.39 hours at the end of Q1, well within the 3-hour target. This compares favourably to an average of 3.36 hours in 2022/23.

4.15 The below table also shows the average time taken for non-emergency repairs at 8.4 days, above this year's target of 7 days. This is however better than the 2022/23 average of 8.88 days.

**Table 6**

| Repairs completion timescales (Charter) | Emergency (hours) | | Non-emergency (days) | |
|---|---|---|---|---|
| | Target | YTD Value | Target | YTD Value |
| WHG | 3.00 | 2.39 | 7.0 | 8.40 |

4.16 The percentage of Repairs Right First Time year to date to the end of Q1, 91.7%, has recorded a slight improvement on the position reported last year, 91.47%, and is meeting the 90% target.

**Table 7**

| Percentage of repairs right first time (Charter) | 2022/23 | 2023/24 YTD | Target | |
|---|---|---|---|---|
| WHG | 91.47% | 91.70% | 90% | |

Repairs Satisfaction (postal returns)

4.17 The target for 2023/24 has been increased from 89% last year to 90% this year. We are just below target at 89.03%.

4.18 This is based on a rolling 12-month period and consistent with the 2022/23 year end figure of 89.76%. Satisfaction is based on the postcards we issue after repairs, returned via white mail, and have generated 2,880 survey responses in the 12 months to end of Q1.

**Table 8**

| Repairs Satisfaction | Current value | 2023/24 Target | |
|---|---|---|---|
| WHG | 89.03% | 90% | |

4.19 As previously reported to Board, there is a range of service improvement activities underway which will in turn lead to improved communication with customers and improvements in service performance and, longer term, satisfaction levels with the service.

Rate It

4.20 Our 'Book It, Track It, Rate It' app aims to improve visibility and communication during the repair journey. The 'Rate It' element was launched in the West on the 1 June, providing an opportunity for customer feedback on repair appointments.

4.21 In the first month following launch, the Rate It score was 4.5/5 (from 1,865 customer responses, representing 12.24% of the completed appointed repairs undertaken by City Building Glasgow). This provides us with a very strong baseline.

Responsive repairs: Damp and mould

4.22 We continue to strengthen and improve our approach to mould related requests from customers. For every case of mould reported an inspector will categorise it in line with our policy. At 24 July, we had 90 live cases for mould and 51 live damp and rot repairs. A breakdown of the current status of the 90 live mould cases is as follows:

**Table 9**

| Total Live Mould cases | Category 3 | Category 2 | Category 1 | Scheduled for inspection or being rescheduled due to no access |
|---|---|---|---|---|
| 90 | 38 | 1 | 0 | 51 |

4.23 In terms of the cases scheduled for inspection these include instances where the tenant has requested a specific date out with the 48-hour period.

Medical Adaptations

4.24 Time to complete medical adaptations has further improved in the year, with the average days to complete year to date at 18.71 compared to 27.2 for the same quarter last year. We have completed 457 adaptations, an increase on the 379 in the first quarter last year, and currently have 78 households waiting.

**Table 10**

| Medical Adaptations (Charter) | Current Households Waiting | Number Completed YTD | Average Days to Complete YTD | Target |
|---|---|---|---|---|
| WHG | 78 | 457 | 18.71 | 25 |

Gas Safety

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

## Changing Lives and Communities

Peaceful Neighbourhoods

4.26 The strategic measure is that by 2026 over 70% of our customers live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving. The most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour to Police Scotland. As at the end of June, 70% of our communities are categorised as ‘Peaceful’, meeting the target for this year.

Accidental Dwelling Fires

4.27 We set a Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 152 ADFs in 2020/21. We achieved this target in Year 1 of the strategy with 121 ADFs in 2021/22. This was further reduced to 113 in 2022/23. This year we have had 33 accidental dwelling fires in quarter one.

**Table 11**

| Number of recorded accidental dwelling fires | 2023/24 YTD | 2022/23 |
|---|---|---|
| WHG | 33 | 113 |

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

**Table 12**

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

Reducing Homelessness

4.29 We continue to be a key contributor to providing homes for homeless households in Glasgow and nationally. We have made 534 lets to homeless applicants in the year-to-date, this alone exceeds the Group's overall quarterly target of 500 lets. Our % of relevant lets made to homeless applicants in the first quarter is high at 63.9% (relevant lets exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants).

**Table 13**

| RSL | 2023/24 Number of lets to homeless applicants (ARC) - YTD | 2022/23 Number of lets to homeless applicants (ARC) – full year |
|---|---|---|
| WHG | 534 | 1,318 |

## Developing our Shared Capability

Sickness Absence

4.30 We are currently just above the 3% sickness target at 3.16% year to date.

**Table 14**

| Sickness Rate | Target | 2023/24 YTD | 2022/23 |
|---|---|---|---|
| WHG | 3% | 3.16% | 2.74% |

4.31 The top two reasons for absence for us in June were Stress and Anxiety (55.5%) and Minor Illness (27.3%). Of those reporting stress/ anxiety, 38% was due to Stress (non work related), 31% Anxiety (work related) and 31% Stress (Bereavement).

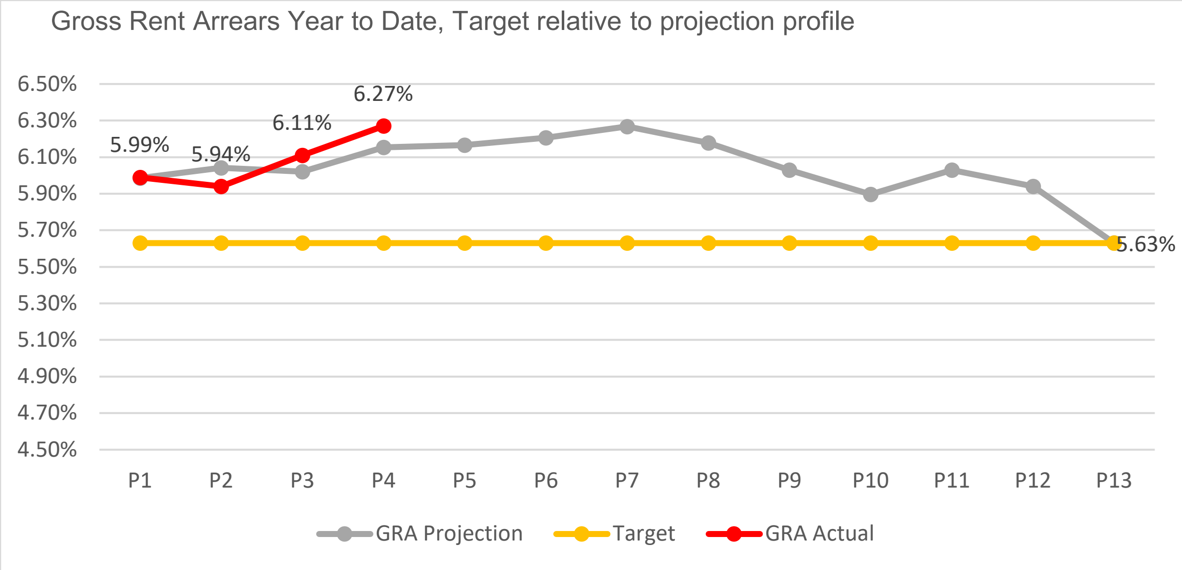
4.32 Analysis of Stress/Anxiety related absence for this period shows that Stress linked to Bereavement accounted for 53% of all Stress/Anxiety related absence in April, 52% in May and 31% in June.

4.33 Staff affected by Bereavement are supported with an entitlement to up to 10 days paid bereavement leave with additional support available for both the staff member and their direct family members from PAM Assist, our Employee Assistance Provider, and our pool of specialist accredited counsellors – all of which are fully trained in bereavement counselling.

4.34 Further support for staff experiencing Stress/Anxiety is available via a number of Academy e-learning modules (Resilience, Mental Health) and face to face seminars (Vicarious trauma, Suicide Prevention) with Mindfulness, Mind Matter and "Using CBT for Stress Management" workshops available via the Employee Wellbeing team. 14 WHG staff have attended workshops since January 2023.

Gross Rent Arrears

**Chart 1**




4.35 Our Gross Rent Arrears ("GRA") ended 2022/23 at 5.84%, better than the 6.1% target set for last year. In 2023/24 we have further stretched this target to 5.63%, supporting our strategic aim to reduce gross rent arrears to less than 5% by 2026.

4.36 Our current GRA levels are at 6.27%. This increase is in part linked to technical arrears when direct debits from customers are received monthly against our 4 weekly rent debits. Chart 1 shows the impact this technical cycle has on the arrears tracking. However we are slightly above where we had hoped to be at the end of the first quarter and arrears management remains a priority. Our Locality Directors are implementing action plans in each area with focus on early intervention and escalation, utilising support services as required.

4.37 We have developed a new rent performance framework that will help Housing Officers and Locality Directors focus on tackling direct debit rejections, managed migration of Universal Credit customers and progression of court cases. We have put peer reviews and checkpoints in place as part of the escalation process.

4.38 Our customers are facing increasing challenges with the cost of living crisis and so our teams are optimising the Here for You fund to support those customers needing it the most. We have also set up a sub-group with a targeted approach on arrears cases to facilitate meeting target.

4.39 We continue to compare favourably to peer group averages for GRA, with the Scottish Housing Network publishing interim member ARC 2022/23 results at 9.59% for Local Authorities and 7.29% for all SHN members. Full ARC results will be published by the Regulator on 31 August 2023.

Average Days to Re-Let (Charter)

4.40 Our average re-letting time in 2022/23 was 20.61 days. Letting time this year to date to Q1 has significantly improved to 15.26 days and we are now within our target of 16 days. Improved letting times has a positive impact on lost rent.

**Table 15**

| Average days to re-let (Charter) | 2023/24 YTD | | 2023/24 Target | 2022/23 Results |
|---|---|---|---|---|
| WHG | 15.26 | | 16 | 20.61 |

## Summary of Strategic Project Delivery

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

**Table 16**

| Complete | On track | Slippage | Overdue |
|---|---|---|---|
| 0 | 5 | 3 | 0 |

4.40 No projects completed during quarter 1.

4.41 No projects have proposed milestone updates this quarter.

4.42 The following projects are currently slipping:

- **My Voice – real time customer feedback reporting** – While the CFC pilot for My Voice has been concluded, work continues on finalising the operational framework. The team are currently working on structuring the reporting approach, identifying the key audiences, and defining the appropriate sharing frequency. We do not foresee any issues meeting commitments to on-board key service pillars by November.
- [redacted]
- [redacted]

**5. Customer engagement**

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

**6. Environmental and sustainability implications**

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

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

8.1 The measures, targets and projects included in this report were agreed as part of the PMF and Delivery Plan for 2023/24. They focus on the most strategically important areas, making sure that financial and other resources are aligned with these priorities. They can be summarised under three broad areas:

- Customer satisfaction, feedback and insight – reinforced as at the heart of our strategy and performance framework;
- Repairs – reaffirmed as customers' top priority;
- Development, regeneration and sustainable neighbourhoods – a continued focus on regenerating and building new and sustainable communities.

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

## 9. Legal, regulatory and charitable implications

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

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

## 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 in particular 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.

11.2 Our equality, diversity and inclusion policy – revised in 2022/23 – provides a stronger basis on which we can advance our ambitions. The expansion of our Customer Voices, Group Scrutiny Panel and collation of monitoring information support co-creation and influence which is based on a more diverse range of perspectives.

## 12. Key issues and conclusions

12.1 Our new key performance measure for the CFC is now in place and has provided a baseline CSAT score of 4.4/5 at the end of quarter 1. This is considered a strong baseline, especially during a quarter when the CFC experienced challenges, including a significant telephone outage.

12.2 The CFC continue to focus on improvements to resource planning, helping to ensure call handlers are available during peak periods of demand. Actions such as this will support progress towards the CSAT target of 4.5/5.

12.3 While we still compare favourably to available comparators, our current GRA levels are at 6.27%. Local action plans and a sub-group are in place to focus on early intervention and escalation, utilising support services to assist, offering advice and practical help for our tenants where possible.

12.4 We continue to have strong performance in several key areas; days to let, lets to homeless, tenancy sustainment, turnover, new build handovers, emergency repairs and adaptation completion timescales. Non-emergency repairs timescales and sickness absence are in focus.

12.5 Good progress has been made with several strategic projects during quarter 1.

## 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 - WHG Board - Delivery Plan 23/24 - Strategic Measures – Q1**

## 1. Delivering Exceptional Customer Experience

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| WHG – CSAT Score (customer satisfaction) | New | 4.4 | 4.5 | |
| Group - % of first contact resolution at CFC | 88.99% | 85.79% | 90% | |
| Group - Call abandonment rate | 4.72% | 5.87% | 5% | |
| WHG - Call abandonment rate | 4.12% | 5.52% | 5% | |
| Group - % calls answered <30 seconds (Grade of Service) | 76.79% | 67.5% | Contextual | |
| WHG - % calls answered <30 seconds (Grade of Service) | 76.04% | 67.99% | Contextual | |
| Group - Average waiting time (seconds) | 57.64 | 64.91 | Contextual | |
| WHG - Average waiting time (seconds) | 52.66 | 62 | Contextual | |
| % new tenancies sustained for more than a year – overall (Charter) | 89.13% | 89.90% | 90% | |

## 2. Making the Most of Our Homes and Assets

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| Reduce the volume of emergency repairs by 10% by 2025/26 (23/24 target -3.34%) | Apr to June 22/23– 18,714 | 18,215 | -2.67% | |
| Average time taken to complete emergency repairs (hours) – make safe | 3.36 | 2.39 | 3 | |
| Average time taken to complete non-emergency repairs (working days) | 8.88 | 8.40 | 7.0 | |
| % reactive repairs completed right first time | 91.47% | 91.70% | 90% | |

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| Number of gas safety checks not met | 0 | 0 | 0 | |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service | 89.76% | 89.03% | 90% | |
| Average time to complete approved applications for medical adaptations (calendar days) | 23.06 | 18.71 | 25 | |
| % Planned repair spending | 48.36% | 37.87% | 60% | |
| % Reactive repair spending | 51.64% | 62.13% | 40% | |
| New build completions - Mid-market | 142 | 9 | 9 | |
| Number of HSE or LA environmental team interventions | 0 | 0 | 0 | |
| Number of accidental fires in workplace | 0 | 0 | 0 | |
| Group - Number of open employee liability claims | 13 | 15 | Contextual | |
| Group - Number of days lost due to work related accidents | 464 | 90.5 | Contextual | |
| Number of new employee liability claims received | 0 | 0 | 0 | |

## 3. Changing Lives and Communities

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| % ASB resolved | 100% | 81.12% | 98% | |
| % Lets Homeless Applicants - overall (ARC) | 50.19% | 62.75% | Contextual | |
| % Relevant lets to Homeless Applicants | 51.88% | 63.90% | Contextual | |
| Number of lets to homeless applicants (10,000 for Group by 2025/26) | 1,318 | 534 | Contextual | |
| WHG - Total number of jobs, training places or apprenticeships created including Wheatley Pledge | 298 | 77 | 65 | |

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| Group - % of Communities Classified as Peaceful in period | 69.4% | 70% | 70% | |
| Group - 100% of relevant properties have a current fire risk assessment in place | 100% | 100% | 100% | |
| Number of accidental dwelling fires recorded by Scottish Fire and Rescue | 113 | 33 | Contextual | |

4. Developing Our Shared Capacity

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| % Sickness rate | 2.74% | 3.16% | 3% | |

5. Enabling Our Ambitions

| | 2022/23 | YTD 2023/24 | | |
|---|---|---|---|---|
| Measure | Value | Value | Target | Status |
| % lettable houses that became vacant | 6.92% | 7.26% | 8% | |
| % court actions initiated which resulted in eviction - overall | 27.84% | 33.33% | Contextual | |
| Average time to re-let properties | 20.61 | 15.26 | 16 | |
| WHG C - Gross rent arrears (all tenants) as a % of rent due | 5.84% | 6.27% | 5.63% | |
| WHG A - Gross rent arrears (all tenants) as a % of rent due | 5.87% | 6.34% | Contextual | |
| WHG B - Gross rent arrears (all tenants) as a % of rent due | 5.47% | 5.16% | Contextual | |

## Appendix 2 - WHG Board - Delivery Plan 23/24 - Strategic Projects – Q1

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| Repairs technical enhancement programme | 31-Mar-2024 | | 0% | 01. Programme of research and engagement with customers on online repairs service to further refine functionality and usability | 30-Sep-2023 | No | First milestone due end of September. |
| | | | | 02. CBG IT integration – Boxi reporting system implementation | 31-Oct-2023 | No | |
| | | | | 03. WHS DRS upgrade | 31-Oct-2023 | No | |
| | | | | 04. CBG DRS upgrade | 31-Oct-2023 | No | |
| | | | | 05. Servitor and DRS fully implemented in WHE | 31-Mar-2024 | No | |
| Implementation of WHG Book it, Track it, Rate it | 31-Aug-2023 | | 33% | 01. Pilot finalised in with City Building delivered repairs | 31-May-2023 | Yes | Full implementation in the West commenced, including baseline 'Rate it' score in place. |
| | | | | 02. Pilot evaluation, including customer feedback, and agreement to go live - City Building | 30-Jun-2023 | Yes | |
| | | | | 03. Progress update to the Board | 31-Aug-2023 | No | |
| My Voice – real time customer feedback reporting | 31-Mar-2024 | | 40% | 01. MY Voice CFC pilot concluded | 30-Apr-2023 | Yes | The CFC workflow for MyVoice is now fully operational, with the build continuing for the remaining priority pillars. Although there has been some slippage in the project we do not foresee |
| | | | | 02. CFC customer insight operational framework implemented | 31-May-2023 | No | |
| | | | | 03. Implementation plan for key service pillars developed and approved by ET | 31-May-2023 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | 04. On-board key service pillars to MY Voice customer insight platform | 30-Nov-2023 | No | any issues meeting our commitments to on-board these key service pillars by November. To finalise the operational framework, the team are currently working on structuring the reporting approach, identifying the key audiences, and defining the appropriate sharing frequency. |
| | | | | 05. Implement operational frameworks | 31-Mar-2024 | No | |
| Migration to new cloud telephony platform | 31-Mar-2024 | | 40% | 01. Group Board approval of contract award | 30-Apr-2023 | Yes | Contract award approved by Group Board on 26 April 2023 and contact award signed on 14 June 2023. |
| | | | | 02. Vendor Contract Award | 31-May-2023 | Yes | |
| | | | | 03. Full project delivery plan developed and commenced | 31-Jul-2023 | No | |
| | | | | 04. Phase 1 launch | 31-Dec-2023 | No | |
| | | | | 05. Phase 2 launch | 31-Mar-2024 | No | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| Implement Group sustainability framework | 31-Dec-2023 | | 80% | 01. Sustainability delivery workshop with nominated group leads | 30-Apr-2023 | Yes | Delivery Plan developed and quarterly sustainability update provided to ET. |
| | | | | 02. Refine sustainability performance monitoring framework | 31-May-2023 | Yes | |
| | | | | 03. Develop sustainability delivery plan | 30-Jun-2023 | Yes | |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | 04. Quarterly sustainability updates to ET | 30-Jun-2023 | Yes | |
| | | | | 05. Annual sustainability progress report via PNAG to Group Board | 31-Dec-2023 | No | |
| Develop a new, integrated Neighbourhood Planning Approach | 28-Feb-2024 | | 33% | 01. Deliver workshop with key people involved in Neighbourhood tools and scoring mechanisms to map out roles and remit | 31-May-2023 | Yes | Integrated neighbourhood planning approach workshop held on 22 May 2023. Work on draft guidance underway. |
| | | | | 02. Develop a technical guidance document around application of tools and the scoring mechanisms within the neighbourhood assessment | 30-Jun-2023 | Yes | |
| | | | | 03. Trial and test the neighbourhood assessment, including customer engagement, in one neighbourhood within WHG | 31-Jul-2023 | No | |
| | | | | 04. Based on the neighbourhood assessment, propose an example neighbourhood plan | 30-Sep-2023 | No | |
| | | | | 05. Provide worked example to WHG Board to review and agree as a model going forward | 30-Sep-2023 | No | |
| | | | | 06. Draft Neighbourhood approach for wider group to RSL Boards | 28-Feb-2024 | No | |
| [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

| Delivery Plan Project | Delivery Date | Status | % Progress | Milestone | Due Date | Completed | Progress Note |
|---|---|---|---|---|---|---|---|
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |
| | | | | [redacted] | [redacted] | [redacted] | |

# Report

**To:** **Wheatley Homes Glasgow Board**

**By:** **Pauline Turnock, Group Director of Finance**

**Approved by:** **Steven Henderson, Group Chief Executive**

**Subject:** **2022/23 Financial Statements**

**Date of Meeting:** **11 August 2023**

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## 1. Purpose

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

## 2. Authorising and strategic context

2.1 Under our Terms of Reference within the Group Standing Orders we are responsible for approving our annual financial statements. Our financial performance through the year and as reported in the financial statements is particularly relevant to our strategic theme, *Enabling our ambitions* and our outcome of maintaining a strong credit rating and managing financial risk.

## 3. Background

### 3.1 Financial performance

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

| | **Year Ended** | |
|---|---|---|
| | **31 March 2023 £k** | **31 March 2022 £k** |
| Turnover | 228,272 | 243,464 |
| Operating Expenditure | (210,463) | (200,123) |
| Other (losses)/gains | (4,667) | 17,827 |
| **Operating surplus** | **13,142** | **61,168** |
| (Loss)/gain on disposal of fixed assets | (252) | 9 |
| Finance income | 1,609 | 265 |
| Finance charges | (47,564) | (44,755) |
| Movement in FV of financial instruments | 769 | (11,687) |
| **(Deficit)/surplus for year** | **(32,296)** | **5,000** |
| Property revaluation – social housing properties | 76,883 | (25,715) |
| Property revaluation – office properties | (4,159) | (3,896) |
| Actuarial (loss)/gain in respect of pension schemes | (47,660) | 63,656 |
| **Total comprehensive income for the year** | **(7,232)** | **39,045** |

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

4.1 *Adjustments from 31 March management accounts*

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

| | Income & Expenditure £m | Net Assets £m |
|---|---|---|
| **March management accounts** | **(25.2)** | **619.5** |
| Gain on business combination | 0.5 | 0.5 |
| Revaluation of properties - Housing | 76.9 | 76.9 |
| Revaluation of properties - Offices | (4.2) | (4.2) |
| Revaluation of properties - Investment | (5.1) | (5.1) |
| LGPS pension adjustments | (55.7) | (55.7) |
| Fair value adjustments | 0.8 | 0.8 |
| Depreciation | 4.9 | 4.9 |
| Other | (0.1) | (0.1) |
| **Statutory accounts** | **(7.2)** | **637.5** |

4.2 Gain on business combination: The statutory accounts reflect the book gain of £0.5m on business combination following the transfer of the Strathclyde Camphill properties in Glasgow and other assets and liabilities in January 2023.

4.3 Revaluation of properties: Housing, office and investment properties have all been revalued at the year-end by Jones Lang Lasalle ("JLL"). Our social housing properties increased in value by £76.9m, our office properties decreased by 4.2m and our investment properties decreased by £5.1m.

Social housing and investment properties (mid-market rent homes only) are initially recognised on the balance sheet at cost of construction, then are written down on completion to an existing use valuation for social properties or tenanted market value for mid-market properties. The write-down is, however, offset by the grant received to subsidise their construction, which is also recognised through the income statement.

The valuation this year is supported by a physical inspection of over 2,600 properties carried out by JLL validating the useful life of key components and verifying future investment requirements to data held on our asset management system. As a result, JLL have 98% confidence in the data held in our asset management systems on the maintenance and repairs programme, the useful economic life of component parts and associated financial provision in the business plan to support the delivery of the required maintenance and investment in these assets over the 30-year term.

The downward valuation movement on office properties is linked to wider market demand for office space which has reduced post pandemic.

4.4 LGPS pension adjustment: The actuarial valuation for the Strathclyde Pension Fund defined benefit pension scheme was received at the year end. The asset recognised in the accounts decreased by £55.7m from £58.2m to £2.5m, with the movement reported in the Statement of Comprehensive Income as:

- employee service cost of £9.4m
- actuarial loss of £47.7m
- interest income on pension scheme of £1.4m

The movement in the discount rate assumption which has increased from 2.7% at March 2022 to 4.75% at March 2023 is linked to gilt yields at the same date. The change narrows the gap between the actuarial valuation of future service cost and future contributions. This in turn limits the pension asset value that can be recognised on the Statement of Financial Position to a greater extent than the prior year ie to the value that can be recovered through reduced future employer contributions. This is in line with accounting rules when determining the level of pension asset carried in the financial statements.

4.5 Fair value adjustments: The Housing SORP 2014 requires certain financial instruments to be measured at fair value every year, with the movement being recognised in the Statement of Comprehensive Income as fair value adjustments. These items are not cash costs in the year. The adjustment in the 2022/23 financial statements relates to the Scottish Government Contingent Efficiencies Grant (£0.8m).

4.6 Depreciation adjustment: As part of our year end work depreciation charges were updated and calculated at individual component level, leading to a decrease in the depreciation reported of £4.9m.

4.7 Other: These adjustments relate to year-end accruals with amounts being finalised on the receipt of actual invoices post year end compared to estimated costs being accrued in the management accounts.

4.8 Audit summary
The external auditors, KPMG, have completed their audit of the financial statements and have issued an unqualified audit opinion.

4.9 During the course of the audit no material adjustments were identified.

4.10 As a standard part of their audit process, and in line with previous years, KPMG requires the Board to sign a “letter of representation” in which the Board confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to the 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 (Appendix 2 and 3 respectively).

4.11 The Board is asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. This assessment is based on the preparation and approval of our 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 us through the RSL borrower relationship with WFL1.

4.12 The accounts will be reviewed by the Group Audit Committee at their meeting on 18 August 2023, and will be signed following the final approval of the Wheatley Group at its Board meeting on 30 August and the completion of KPMG's compliance checks. A copy of KPMG's audit highlights report will be provided in advance of the Group Audit Committee and uploaded to Admincontrol.

## 5. Customer Engagement

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

## 6. Environmental and sustainability implications

6.1 There are no environmental and 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 remains strong, with net assets of £637.5m.

8.2 The adjusted operating surplus from core social housing activities decreased from £102.2m to £86.1m, after deducting accounting adjustments for grant income on new build completions, depreciation, investment property gains, pension adjustments and one-off gains/losses. After including interest costs and capital expenditure on our existing properties, an underlying deficit of £6.0m is reported.

8.3 The underlying deficit of £6.0m compared to the £1.6m surplus reported in the prior year is driven by increased repairs and maintenance costs in 2022/23 (partially offset by a reduction in investment) and the inclusion in the prior year operating surplus of receipts for funds which were re-invested in housing properties of £10.4m which were non-recurring in nature.

| | **2023 £m** | **2022 £m** |
|---|---|---|
| **Operating surplus** | **13.1** | **61.2** |
| Adjusted for: | | |
| Depreciation | 70.5 | 71.8 |
| Investment property valuation movements | 5.1 | 11.8 |
| Gain on business combination | (0.5) | (32.6) |
| Actuarial movement on transfer of pension | - | 3.0 |
| Pension service costs | 9.4 | 8.4 |
| New build grant income | (11.5) | (21.4) |
| **Adjusted operating surplus** | **86.1** | **102.2** |
| Less: | | |
| Interest costs | (44.5) | (41.8) |
| Investment in existing social homes | (47.6) | (58.8) |
| **Underlying (deficit)/surplus** | **(6.0)** | **1.6** |

## 9. Legal, regulatory and charitable implications

9.1 There are no direct legal, regulatory and charitable implications arising from the management accounts.

## 10. Risk Appetite and assessment

10.1 Our risk appetite for maintaining a strong credit rating and managing financial risk ranges from minimal in relation to finance and value for money to cautious in relation to operational delivery.

## 11. Equalities implications

11.1 There are no equalities implications arising from this report.

## 12. Key issues and conclusions

12.1 This report presents the financial performance position for the year-end statutory accounts.

## 13. Recommendations

13.1 The Board is requested to:

1) Approve the 2022/23 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 representation from management.

LIST OF APPENDICES:

Appendix 1: [redacted] available here
Appendix 2: [redacted]
Appendix 3: [redacted]

**Report**

| | |
|---|---|
| **To:** | **Wheatley Homes Glasgow Board** |
| **By:** | **Anthony Allison, Group Director of Governance and Business Solutions** |
| **Approved by:** | **Steven Henderson, Group Chief Executive** |
| **Subject:** | **Governance update** |
| **Date of Meeting:** | **11 August 2022** |

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## 1. Purpose

1.1 To update the Board and, where applicable, seek Board approval on the following governance-related matters which are reported to the Board annually in August:

- Final schedule of meetings for the remainder of the 2023 calendar year, including the Annual General Meeting ("AGM");
- Annual Secretary Report;
- Appointments and reappointments;
- Board appraisals;
- Chair's Urgent Action

## 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. All Board member appointments / re-appointments are subject to approval by the Parent under the Rules of the Association.

2.2. In relation to Board appraisals, under the Group Standing Orders the Group RAAG Committee is responsible for determining the approach each year and agreed to the approach used this year.

2.3. The use of the Chair's Urgent Actions is permitted under our Group Standing Orders 'on a time sensitive matter reserved to a Board which cannot wait until the next scheduled meeting'.

## 3. Background

3.1 The matters in this report form part of our annual governance reporting, which precedes the AGM each year.

3.2 This report also provides an update on progress with recruitment for vacancies following Board agreement updates to our Board composition and in particular the recruitment of a new tenant Board member.

## 4. Discussion

Remaining 2023 meetings

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 (in addition to the non-scheduled meeting that was held in January):

- Post AGM on Friday 15 September 2023 and;
- Friday 17 November 2023 at 10.30am.

4.2 It is proposed that we call our AGM for 15 September 2022 at 10am. 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 10.30am.

4.3 We also have a Group Christmas lunch planned for Wednesday 20 December 2023 at 1pm to which all governing body members across the group are invited to attend.

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 |
|---|---|
| **62** | Minutes are up to date and are signed digitally via DocuSign |
| **63** | The seal is not routinely used. It is kept at the registered office. |
| **64 and 65** | All registers have been checked and maintained throughout the year and are held at our registered office. |
| **66** | 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. |
| **67** | Our books of account, registers, securities and other documents are kept at our registered office. |

Appointments and reappointments

4.5 The AGM is the time at which Board appointments are typically made or reviewed and the time when Board members would stand down following the completion of their tenure. The key updates to our Board from this year's AGM are set out below:

- Bernadette Hewitt retiring from the Board and as Chair from the AGM,
- Maureen Dowden being appointed as the Chair;
- Cathy McGrath and Paddy Gray will each have served their second three-year-term and require agreement to remain on the Board for a third term
- Cllr Kenny McLean has served 9 years.

4.6 As previously discussed with the Board, Bernadette Hewitt's retirement from the Board will create a tenant vacancy. We have developed our tenant pathway programme through which we have identified four tenants who have now joined the programme.

4.7 Since we are at early stage, we do not anticipate any pathway members being in a position to fill the vacancy created by Bernadette's retirement at that stage. However, we have a strong Board with significant tenant experience and therefore recommend holding this vacancy until such time a pathway member considers themself, in agreement with the Chair, to be ready to join the Board.

4.8 Under our Rules, Board members are appointed for three-year terms. At the end of a three-year term Board members can be reappointed for a further two terms. Two Board members, Cathy McGrath and Paddy Gray, have each served two three-year terms. Each has expressed a willingness to continue on the Board and therefore it is proposed that they are each awarded a further three-year term to expire from the conclusion of our AGM in September 2026.

4.9 The appointment of GCC Board members is subject to agreement by GCC. GCC wishes Councillor McLean to continue on the Board; however this must also be in accordance with our Rules. Our Rules stipulate that, "*no Board Member shall serve more than nine years' service in total on the Board, whether continuously or in aggregate, unless otherwise approved by the Parent. The Parent shall be entitled to approve a longer fixed term for any Board Member following the expiry of nine years' service where the Parent is satisfied that a Board Member is able to demonstrate his/her continued effectiveness as a Board Member. Where the Parent approves the re-appointment of a Board Member in terms of this Rule 39.6, the Parent shall review that Board Member's appointment on an annual basis*."

4.10 Our 3-year succession plan already agreed that we would seek the necessary Parent approval to extend Councillor McLean's appointment and this will be sought in advance of the AGM.

*Pathway programme update*

4.11 Our pathway programme is now underway, with an initial session having been held with the pathway members by the current and incoming Chair. The pathway members have all also now joined the Group Scrutiny panel and are having a bespoke development programme agreed.

4.12 This includes individual coaching sessions being made available and over the next four meeting cycles one of the pathway programme members will be an observer at the meeting. At this meeting, Mary will be observing as part of her development.

<u>Board appraisal</u>

4.13 The Group RAAG committee is expected to approve the appraisal process for this year at its next meeting. The appraisals will likely take place across September and October and given they will be reported back post AGM be undertaken by the incoming Chair. As soon as the process is agreed by the RAAG Committee members will receive a briefing and update on the timing.

Chair’s Urgent Action

4.14 Under the Group Standing Orders the Chair can agree an Urgent Action on a time-sensitive matter ‘*Where it is not feasible or practical to convene an additional meeting or pass a written resolution*.’

4.15 On 10 July 2023 approval was sought and received from the Chair on the disposal of our share of a site at Broomloan Road, Glasgow to Scottish Water. The site is within the boundary of the Transformational Regeneration Area (TRA) at East Govan/Ibrox and was in the mixed ownership of Wheatley Homes Glasgow and Glasgow City Council. Since the site was part of the TRA, it was subject to the governance arrangements we have in place with Transforming Communities: Glasgow (TC:G), the regeneration partnership we have with Glasgow City Council and Scottish Ministers. Under that arrangement, disposals of land within a TRA boundary are subject to agreement with TC:G. Any land receipts used to support and unlock the barriers to regeneration across the TC:G programme.

4.16 The Scottish Water disposal supports Scottish Water’s £200m Ayrshire to Glasgow resilience infrastructure programme. Negotiations had been ongoing for a number of months and had also been considered and approved by TC:G and by Glasgow City Council. We had anticipated seeking approval at our August Board meeting; however Scottish Water was in a position to progress the project in July and may have incurred additional costs had it been unable to do so. Given the background and support from both TC:G and GCC and then having carried out our own diligence on the disposal Chair approval was sought to ensure that this public infrastructure project could progress immediately and without any delay. GCC also transferred its land to Scottish Water at the same time in July.

4.17 The Chair recommendations approved by the Chair were:

1) Agreed the disposal of the site to Scottish Water for the sum of £325,500.
2) Consented to the sale of retained areas by GCC to Scottish Water
3) Authorised any Board member or any member of the Group Executive Team to agree the final versions and execute the documents required to give effect to the transaction including:

- The disposition conveying land from WH-G to SW
- Clawback agreement
- Consent to the disposal by GCC of retained areas

4.18 Following approval, missives were concluded and the disposal completed with a date of entry of 27 July 2023. As the disposal was over the value of £120K, we are required to notifiy the Scottish Housing Regulator of this as per their Notifiable Event Guidance and our own policy. As this falls within a TRA then the land receipt is to be held for the benefit of TC:G.

## 5. Customer engagement

5.1. There has been no customer engagement in relation to this report.

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

7.1. There are 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 associated with 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*

9.2 The proposals within this report are consistent with this requirement.

## 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.

## 11. Equalities implications

11.1 There are no direct equalities implications in regard to this report.

## 12. Key issues and conclusions

12.1 The report covers key standing processes within our governance arrangements. Our refreshed succession plan reflects the Board's recent changes to the Board composition and the need to actively oversee its succession planning.

## 13. Recommendations

13.1 The Board is asked to:

1) Instruct the Secretary to call the Annual General Meeting for Friday 15 September at 10am;
2) Note the Secretary's Report under Rule 68;
3) Recommend the re-appointments of Cathy McGrath, Paddy Gray (each 3 years) and Councillor Kenny McLean (1 year) based on an assessment of their ongoing effectiveness;
4) Note the update on the Board and individual appraisal process;
5) Note the use of the Chair's Urgent Action to dispose of the site at Broomloan Road to Scottish Water

LIST OF APPENDICES:
None

Report

**To:** Wheatley Homes Glasgow Board

**By:** Pauline Turnock, Group Director of Finance

**Approved by:** Steven Henderson, Group Chief Executive

**Subject:** Financial performance to 30 June 2023

**Date of Meeting:** 11 August 2023

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## 1. Purpose

1.1 The purpose of this paper is to:

- provide the Board with an overview of the financial results for the period to 30 June 2023;
- seek approval of a revised new build appraisal target return rate; and
- seek approval of the proposed new £[redacted] debt facility with[redacted]

## 2. Authorising and strategic context

2.1 Under the terms of our Intra-Group Agreement with Wheatley Group and our Terms of Reference, the Board is responsible for the on-going monitoring of performance against agreed targets. This includes the performance of our finances.

2.2 The Group Board and the Wheatley Funding No.1 Limited ("WFL1") Board will be asked to approve the proposed [redacted] loan in their August meetings.

## 3. Background

3.1 **Financial performance**

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

| | Year to Date (Period 3) | | |
|---|---|---|---|
| **£000** | **Actual** | **Budget** | **Variance** |
| Turnover | 56,809 | 55,832 | 977 |
| | | | |
| Operating expenditure | (51,983) | (50,644) | (1,339) |
| | | | |
| **Operating surplus** | **4,826** | **5,188** | **(362)** |
| *Operating margin* | *8.5%* | *9.3%* | *(0.8%)* |
| | | | |
| Net interest payable | (11,450) | (11,450) | - |
| | | | |
| **Deficit** | **(6,624)** | **(6,262)** | **(362)** |
| | | | |
| **Net Capital Expenditure** | **20,020** | **20,708** | **688** |

## 4. Discussion

4.1 *Period to 30 June 2023*

A statutory deficit of £6,624k has been reported for the period to 30 June 2023, which is £362k unfavourable to budget. The key driver of the variance is repairs spend which is higher than budget, linked to higher demand and higher average costs per job, partially offset by unbudgeted grant income for adaptations to existing properties.

Key points to note:

- Net rental income of £51,686k is £51k higher than budget at 30 June 2023, due void performance being favourable to budget with a year to date void rate of 1.18% compared to the budgeted rate of 1.27%.

- New build grant income of £446k relates to grant recognised on completion of 9 MMR units at Sighthill.

- Other grant income includes Scottish Housing Net Zero (SHNZ) and adaptations grant. Income is £836k higher than budget as a result of securing additional adaptations funding.

- In operating expenditure, total costs are £1,339k unfavourable to budget driven by higher spend in revenue repairs and maintenance.

    - Revenue repairs and maintenance spend is £1,793k higher than budget. The variance primarily relates to a higher than budgeted spend across responsive repairs; linked to higher demand for repairs (12.6% ytd increase in job numbers vs ytd 2022/23) Higher repairs volumes experienced in the first quarter of 2022/23 which were expected to be one off in nature linked to a covid backlog have proved to be persistent in nature.

- Net capital expenditure is £688k lower than budget. Net investment in our existing homes after taking account of fully funded SHNZ, energy efficiency and adaptations work is £11,639k which is £407k higher than budget. The variance mainly relates to higher demand for adaptations and capitalised voids and repairs, which are customer led with similar actions taken to keep spend within the forecast full year out-turn including the reprofiling of the investment programme.

- Net new build spend is £153k higher than budget with small variations in the timing of the programme across sites.

4.2 *Q1 Forecast out-turn*

The forecast reports a statutory deficit of £28,804k for the full year out-turn to March 2024, which is £3,324k unfavourable to budget.

The Q1 forecast has been prepared on a prudent basis and allows for an £8.8m increase in the repairs spend in recognition of repairs demand remaining high. A repairs improvement plan has been put in place with a number of actions to increase the efficiency of the service, reduce costs and improve customer satisfaction. More detail on this is provided in the Repairs Update paper.

Additional financial provision for higher repairs costs has been made within the overall financial capacity available in the full year out-turn noting that an element of this has been provided by the deferral of core investment projects into later years.

Other key variances to budget include:

- Total income is forecast to be £2,638k favourable to budget, as a result of grant income received for the 2022/23 delayed completions at Sighthill and unbudgeted funding for adaptations to existing properties.

- Total expenditure is forecast to be £5,032k unfavourable to budget:

    - Employee costs and direct running costs are forecast to be £1,562k and £897k, respectively, lower than budget, following the provision of funding for Community Improvement Partnership and Group Protection activities by the Wheatley Foundation.
    - Additional running cost savings have been identified including lower spend in Wheatley Solutions.
    - As discussed above, repair costs have been forecasted at £8,846k higher than budget linked to the higher levels of customer demand experienced YTD.
    - Bad debt costs have been forecast £1,200k lower, while still maintaining a conservative approach.

- Net capital expenditure is forecast to be £2,847k lower than budget, with the investment programme is forecast to be £3,116k lower than budget, due to a reprofiling of the core programme.

- The forecast variations to budget are managed within the overall parameters of the RSL Borrower Group budget for 2023/24 of which we are part. The RSL borrower group continues to remain within the overall 2023/24 budgetary provision and financial Golden Rules.

4.3 *Review of new build appraisal target return rate*

- The new build appraisal target return rate was reviewed in October 2022 in response to the uncertainty caused by the emergency rent legislation announcement and a period of volatility in financial markets in September 2022. At that time, we increased the rates to [redacted] % for social rent and [redacted] % for mid-market rent properties. More detail on this background is available in the November 2022 board paper.
- Inflation has remained stubbornly high inflation and since the last return rate review the market outlook for peak interest rates has risen from 4.50% to and expectation of a peak around 6.00% with rates also remaining higher for a longer period. The Bank of England's most recent increase of 0.25% took rates up to 5.25% in August.
- While the majority ([redacted] %) of the Group's drawn debt is arranged on a fixed rate basis, we have several loans on a floating rate basis, including our Revolving Credit Facilities, and future fixed rate funding will be drawn at higher prevailing rates. As such, we need to increase our minimum appraisal rates for social and mid-market developments to ensure new build activity is not being cross subsidised by existing tenants.

- The Group Chief Executive approved the following minimum rates in early July 2023, and the Group Board will be asked to ratify this decision in their August 2023 meeting. Any new build projects which do not have full board approval (including grant awards in principle) are now subject to these new rates with immediate effect:

| Wheatley Subsidiary | Tenure | New Appraisal Rate | Previous Appraisal Rate | Appraisal period |
|---|---|---|---|---|
| WH-Glasgow<br>Loretto<br>WH-East | Social | [redacted] | [redacted] | [redacted] |
| | Mid-Market | [redacted] | [redacted] | [redacted] |
| WH-South | Social | [redacted] | [redacted] | [redacted] |
| | Mid-Market | [redacted] | [redacted] | [redacted] |
| Lowther Homes | Mid-Market | [redacted] | [redacted] | [redacted] |

- The actual impact will depend on property size, rental income and other scheme specific factors but as an indication, to meet the proposed target IRR of [redacted] % social rent developments will require an additional £[redacted] of grant per unit and for a target of [redacted] % on MMR schemes, an additional £[redacted] per unit.

4.4 *New* [redacted] *funding*

- We most recently arranged a £[redacted] loan with [redacted] with funds drawn in February 2023 in the name of Wheatley Funding No.1 Limited ("WFL1"), the treasury funding vehicle for the Group RSLs. [redacted] provides financing to the Scottish social housing sector, acting as an intermediary for the Scottish Government's 'charitable bond' programme to fund the construction of affordable homes. Loans are arranged on a fixed rate basis plus margin.

- A funding update paper was presented to the Group Board in June 2023. This set out the RSL Borrower Group's requirement to raise additional funding to support the delivery of our new build programme. [redacted] debt is provided on an unsecured basis with interest payments deferred until maturity, conferring a cashflow benefit during the term of the loan.

- The Group Board will be asked to approve an additional £[redacted] to be drawn under the £[redacted] Master Facility Agreement with [redacted] in their Board Meeting on 30 August 2023. The interest rate and term of the loan will be subject to agreement by the Group Board and is linked to the forward 10 year gilt yield. Current indicative rates are [redacted]%, inclusive of margin, for a 10-year term.

- As a Guarantor to the WFL1 facilities, this Board is requested to approve the proposed loan facility. The associated loan documentation is appended to this paper. This includes a copy of the Master Facility Agreement from February 2023, a specimen board minute and officer certificate.

## 5. Customer Engagement

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

## 6. Environmental and sustainability implications

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

## 7. Digital transformation alignment

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

## 8. Financial and value for money implications

8.1 The statutory deficit for the period to 30 June 2023 is £362k unfavourable to budget. Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money. After adjusting the net operating surplus for new build grant income, depreciation, one off payments not related to underlying surplus and including capital expenditure in our properties, an underlying deficit of £1,455k is reported which is £1,614k unfavourable to budget.

8.2 While we are reporting an underlying deficit, within the context of the RSL Borrower Group, an overall underlying surplus is reported for the financial year to date with financial performance managed within the overall budget parameters and covenants for the RSL Borrowers. The recently completed Q1 forecast financial out-turn also remains within the full year budget parameter and meets financial Golden Rules.

## 9. Legal, regulatory and charitable implications

9.1 We have been advised by Brodies in respect of the [redacted] funding agreement. The [redacted] agreement is unsecured which results in a more efficient legal exercise than is the case where security is required.

9.2 The Scottish Housing Regulator is no longer required to provide consent for new debt facilities for RSLs, although they will be updated about our new Allia loan in our regular quarterly meetings.

9.3 There are no charitable implications arising from the new [redacted] facility.

## 10. Risk Appetite and assessment

10.1 The Group's risk appetite in respect of development is "open", which is defined as willing to choose the option "*most likely to result in successful delivery while also providing an acceptable level of reward*". The Group's risk appetite in respect of governance is "cautious" which is defined as "*preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*".

10.2 Raising funding to support our ambitions is a Strategic Outcome under the Theme of Enabling our Ambitions. Our agreed risk appetite for the operational delivery of raising funding is cautious, preferring safe delivery options that have a low degree of inherent risk.

10.3 The previous track record of dealing with [redacted], the associated pricing and the unsecured nature of the loan meets this risk criteria. The facility will be arranged at the Group treasury vehicle level (WFL1) which means it can be on-lent to any of the Wheatley RSL's, with all parties benefitting from the strong negotiating power of the wider Group for pricing and other terms and conditions.

## 11. Equalities implications

11.1 There are no equalities implications arising from this report.

## 12. Key issues and conclusions

12.1 This paper presents the financial performance position for the year to 30 June 2023 and the Q1 full year 2023/24 forecast. An update on the review of our target internal rate of return (IRR) to be used for appraising new build projects is also provided. It also includes details of a new loan to be delivered through WFL1 from[redacted].

## 13. Recommendations

13.1 The Board is requested to:

1) Note the management accounts for the year ended 30 June 2023 at Appendix 1.
2) Note the revision to the target return rate for new build social and mid-market rent developments and agree the criteria for Wheatley Development Scotland approving projects on our behalf is updated to reflect this.
3) Approve the new £[redacted] facility to fund new affordable homes.

LIST OF APPENDICES:

Appendix 1: Period 3 – 30 June 2023 Finance Report
Appendix 2: [redacted]
Appendix 3: [redacted]
Appendix 4: [redacted]

Wheatley Homes Glasgow

# Period to 30 June 2023
# Finance Report

Wheatley Group

# 1a. Operating statement (1) – Period to 30 June 2023

| | Period To June 2023 Actual £ks | Budget £ks | Variance £ks | Full Year Budget £ks |
|---|---|---|---|---|
| **INCOME** | | | | |
| Rental Income | 52,303 | 52,298 | 5 | 210,343 |
| Void Losses | (617) | (663) | 46 | (2,666) |
| Net Rental Income | 51,686 | 51,635 | 51 | 207,677 |
| Grant Income New Build | 446 | 448 | (2) | 4,109 |
| Grant Income Other | 1,984 | 1,148 | 836 | 5,044 |
| Other Income | 2,693 | 2,601 | 92 | 11,505 |
| **Total Income** | **56,809** | **55,832** | **977** | **228,335** |
| **EXPENDITURE** | | | | |
| Employee Costs - Direct | 8,923 | 8,936 | 13 | 35,363 |
| Employee Costs - Group Services | 4,312 | 4,309 | (3) | 17,237 |
| ER / VR | 23 | 23 | (0) | 4,820 |
| Direct Running Costs | 3,346 | 3,321 | (25) | 11,687 |
| Running Costs - Group Services | 2,145 | 2,224 | 79 | 8,895 |
| Revenue Repairs and Maintenance | 13,539 | 11,746 | (1,793) | 45,386 |
| Bad debts | 458 | 944 | 486 | 3,774 |
| Depreciation | 19,142 | 19,142 | 0 | 76,569 |
| Demolition | 95 | 0 | (95) | 0 |
| **TOTAL EXPENDITURE** | **51,983** | **50,644** | **(1,339)** | **203,731** |
| **NET OPERATING SURPLUS / (DEFICIT)** | **4,826** | **5,188** | **(362)** | **24,604** |
| *Net operating margin* | *8.5%* | *9.3%* | *-0.8%* | 11% |
| Interest payable & similar charges | (11,450) | (11,450) | 0 | (50,084) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(6,624)** | **(6,262)** | **(362)** | **(25,480)** |

**Key highlights period to date:**

Net operating surplus of £4,826k is £362k unfavourable to budget. Statutory deficit for the period to 30 June is £6,624k, which is £362k unfavourable to budget. The key driver of the variance is higher than budgeted repairs spend linked to a higher demand and higher average cost, partially offset by additional other grant income.

- Gross rental income is £5k favourable to budget and net rental income is £51k favourable to budget. Void losses are £46k lower than budget and represent a 1.18% void loss rate compared to the budgeted rate of 1.27%.
- New Build grant income is in line with budget, with 9 MMR units completing at Sighthill in June.
- Other grant income is £836k higher than budget, following recognition of the grant award for 2023/24 medical adaptations.
- [redacted]
- Total employee costs (direct and group services) are £10k favourable to budget. The group services recharge is £3k favourable to budget and reflects WH-Glasgow's share of changes across several departments in Wheatley Solutions from the budgeted structure.
- Total running costs (direct and group services) are £54k favourable to budget. The higher spend in direct running costs is linked to greater uptake of furnished lets packages. Group recharges are £79k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £1,793k unfavourable to budget. The spend on responsive repairs is linked to higher demand for repairs (12.6% ytd increase in job numbers vs ytd 2022/23). Additional provision for repairs costs has been made in the Q1 full year forecast out-turn. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and keep repairs spend within the forecast spend.
- [redacted]
- Gross interest payable of £11,450k represents interest due on the loans due to Wheatley Funding No.1 Ltd.

# 1a. Operating statement (2) – Period to 30 June 2023

| CAPITAL INVESTMENT | Period To June 2023 Actual £ks | Budget £ks | Variance £ks |
|---|---|---|---|
| **CORE PROGRAMME** | | | |
| **Grant Income** | **1,888** | **1,041** | **847** |
| Core Investment Programme - grant funded | 1,041 | 1041 | 0 |
| Adpatations - grant funded | 847 | 360 | (487) |
| **Total Grant Funded Core Investment** | **1,888** | **1,401** | **(487)** |
| Core Investment Programme | 3,464 | 4,000 | 536 |
| Adaptations | 0 | 0 | 0 |
| Voids | 3,071 | 2,802 | (269) |
| Capitalised Repairs | 1,640 | 954 | (686) |
| Capital Overhead and Staff | 3,464 | 3,116 | (348) |
| **Total Non Funded Core Investment** | **11,639** | **10,872** | **(767)** |
| | | | |
| **NET INVESTMENT SPEND** | **11,639** | **11,232** | **(407)** |
| | | | |
| **NEW BUILD** | | | |
| New Build Grant Income Received | 0 | 1,696 | (1,696) |
| New Build Investment | 7,274 | 8,817 | 1,543 |
| **NET NEW BUILD INVESTMENT SPEND** | **7,274** | **7,121** | **(153)** |
| | | | |
| **OTHER FIXED ASSET INVESTMENT** | | | |
| Other Fixed Asset Grant Income Received | 0 | 9 | (9) |
| Other Fixed Asset Investment | 1,107 | 2,364 | 1,257 |
| **NET OTHER FIXED ASSET INVESTMENT SPEND** | **1,107** | **2,355** | **1,248** |
| | | | |
| **TOTAL NET CAPITAL INVESTMENT SPEND** | **20,020** | **20,708** | **688** |

**Key highlights year to date:**

Net capital expenditure of £20,020k is £688k lower than budget.

- Net investment programme spend is £407k unfavourable to budget with higher spend in capitalised voids, repairs and overhead, partially offset by reduced core programme spend and unbudgeted grant income for adapations. A reprofiled investment programme has been put in place for the remainder of the year with action taken by the My Repairs team around void and capitalised repair spend to remain within the full year forecast spend.
- [redacted]
- Other capital expenditure of £1,107k is £1,257k lower than budget and includes IT capital and refurbishment of Nets depots and concierge stations.

# 1b. Underlying surplus

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

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

- The 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.

- At June, an underlying deficit of £1,455k has been generated using this measure which is £1,614k unfavourable to budget. The variance is driven by higher customer demand for responsive repairs, and in the investment programme, adaptations, capitalised repairs and voids, partially offset by higher other grant income.

**WHG Underlying Surplus June 2023**

| | YTD Actual £ks | YTD Budget £ks | YTD Variance £ks | FY Budget £ks |
|---|---|---|---|---|
| Net operating surplus | 4,826 | 5,188 | (362) | 24,604 |
| add back: | | | | |
| Depreciation | 19,142 | 19,142 | 0 | 76,569 |
| less: | | | | |
| Grant income | (446) | (448) | 2 | (4,109) |
| Net interest payable | (11,450) | (11,450) | 0 | (50,084) |
| Total expenditure on Investment Programme | (13,527) | (12,273) | (1,254) | (55,281) |
| Underlying surplus/(deficit) | **(1,455)** | **159** | **(1,614)** | **(8,301)** |

# 2a. Repairs & Investment Programme

| Repairs | YTD P3 Actual £ks | YTD P3 Budget £ks | YTD P3 Variance £ks | FY budget £ks |
|---|---|---|---|---|
| Responsive Repairs | 8,260 | 6,153 | (2,107) | 22,983 |
| Cyclical (local) | 88 | 77 | (11) | 1,022 |
| CBG credit/JV Share of profits | (1,122) | (1,122) | 0 | (7,067) |
| Compliance/Overhead | 6,313 | 6,638 | 325 | 28,448 |
| **Total Repairs** | **13,539** | **11,746** | **(1,793)** | **45,386** |

| Investment Programme Grant Income | YTD P3 Actual £ks | YTD P3 Budget £ks | YTD P3 Variance £ks | budget £ks |
|---|---|---|---|---|
| SHNZ | 1,041 | 1,041 | 0 | 4,617 |
| Medical Adaptation | 847 | 0 | 847 | 0 |
| **Total** | **1,888** | **1,041** | **847** | **4,617** |
| | | | | |
| **Investment Programme** | **Actual** | **Budget** | **Variance** | **FY** |
| Core programme (excl SHNZ) | 3,464 | 4,000 | 536 | 21,149 |
| SHNZ | 1,041 | 1,041 | 0 | 4,317 |
| Capitalised Voids | 3,071 | 2,802 | (269) | 10,552 |
| Adaptations | 847 | 360 | (487) | 2,773 |
| Capitalised staff | 1,531 | 1,422 | (109) | 5,718 |
| City Building ovh allocated | 1,933 | 1,694 | (239) | 6,795 |
| Capitalised Repairs | 1,640 | 954 | (686) | 3,977 |
| **Total** | **13,527** | **12,273** | **(1,254)** | **55,281** |
| | | | | |
| **Net Investment Spend** | **11,639** | **11,232** | **(407)** | **50,664** |

**Repairs & maintenance:**

- Repairs and maintenance costs are £1,793k higher than budget at the end of P3.
- Responsive repairs are higher than budget by £2,107k, due to an on-going increase in customer demand, with a 12.6% increase in completed jobs YTD compared to the same period in 2022/23 with a number of jobs assumed to be related to the covid backlog now turned to a sustained level of demand.
- Cyclical repairs are broadly in line with budget.
- Overall compliance expenditure is £325k favourable to budget driven by lower communal utilities and compliance costs. The underspend on compliance costs is linked to the timing of the programme.

**Investment programme:**

- Net investment in our existing homes, after taking account of funded SHNZ energy efficiency works and adaptations, was £11,639k which was £407k higher than budget. The variance mainly relates to higher capitalised repairs spend, driven the same factors experienced in revenue repairs.
- Core programme expenditure of £3,464k is £536k favourable to budget, following the reprofiling of window replacements.
- Spend of £1,041k on SHNZ projects is reported by end of P3, which is fully funded by grant from Scottish Government.
- Void costs are capitalised in line with Group policy.
- The average spend per job increased by 11% for capitalised repairs in comparison to the same period last year.
- Adaptations spend of £847k has been reported at the end of June, against a budget of £360k. YTD spend is fully covered by grant income recognised.
- A reprofiling of core investment projects has been actioned to provide capacity in the year for higher repairs demand.

# 2b. New Build Programme Spend

| | *Status | Contractor | YTD P3 Actual | YTD P3 Budget | YTD P3 Variance | Full Year FY Budget |
|---|---|---|---|---|---|---|
| SPRINGFIELD ROAD | TBC | - | 0 | 0 | 0 | 221 |
| ABBOTSHALL AVENUE | TBC | - | 22 | 0 | (22) | 310 |
| 99 MAIN ST BAILLIESTON | TBC | - | 0 | 0 | 0 | 5 |
| DAMSHOT | Complete | CCG | 0 | 70 | 70 | 70 |
| AUCHINLEA | Complete | ENGIE | 1 | 0 | (1) | 129 |
| SHANDWICK ST | Feasibility | CCG | 141 | 0 | (141) | 0 |
| KELVIN WYND | TBC | TBC | 103 | 1,229 | 1,126 | 6,260 |
| **Total Social rent** | | | **267** | **1,299** | **1,032** | **6,995** |
| [redacted] | | | | | | |
| **Development fund** | - | - | 0 | 0 | 0 | 353 |
| **Acquisitions** | - | - | 0 | 650 | 650 | 6,500 |
| **Capitalised Interest** | - | - | 0 | 0 | 0 | 714 |
| **Capitalised staff** | - | - | 819 | 830 | 11 | 3,334 |
| **Total New Build Investment** | | | **7,274** | **8,817** | **1,543** | **46,447** |
| **Grant Income** | | | **0** | **1,696** | **(1,696)** | **10,900** |
| **Net new Build cost** | | | **7,274** | **7,121** | **(154)** | **15,037** |
| **Grant Income completions (recognised in OPS)** | | | **446** | **448** | **(2)** | **4,109** |

Wheatley Homes Glasgow

Net spend on new build properties of £7.3m has been incurred by end of June. This is £1.5m lower than budget.

**Social Rent:**

- **Abbotshall Avenue: 70** social rent units**.** Site investigation scheduled for August, working towards a planning submission by September 23.
- **Shandwick St**: 47 social rent units. The site was fully acquired on 31st March 2023 and the acquisition offer of grant was accepted and drawn down in 2022/2023. The tender was returned in April 2023 and cost approved by GCC, followed by Board acceptance in June 2023. Aspirational site start in August.
- **[redacted]**

**Mid Market Rent:**

- **[redacted]**

# 3. Balance Sheet

| | 30 Jun 2023 £ks | 31 March 2023 £ks |
|---|---|---|
| **Fixed Assets** | | |
| Social Housing Properties | 1,588,102 | 1,583,777 |
| Other tangible fixed assets | 56,666 | 58,227 |
| Investment properties | 71,940 | 71,940 |
| Investments - other | 12,073 | 12,073 |
| **Fixed Assets** | **1,728,781** | **1,726,017** |
| **Debtors Due More Than One Year** | | |
| Inter Company Loan | 18,325 | 18,325 |
| Pension Asset | 2,505 | 2,505 |
| **Current Assets** | | |
| Trade debtors | 1,332 | 1,108 |
| Rent & Service charge arrears | 9,702 | 12,167 |
| less: Provision for rent arrears | (7,837) | (7,619) |
| Prepayments and accrued income | 2,964 | 2,851 |
| Intercompany debtors | 19,669 | 11,258 |
| Other debtors | 4,959 | 5,760 |
| | **30,789** | **25,525** |
| Bank & Cash | 737 | 4,270 |
| **Current Assets** | **31,526** | **29,795** |
| **Current Liabilities** | | |
| Trade liabilities | (1,542) | (3,671) |
| Accruals | (20,393) | (29,664) |
| Deferred income | (10,579) | (10,864) |
| Rents & service charges in advance | (11,309) | (10,794) |
| Intercompany creditors | (34,604) | (34,549) |
| Other creditors | (16,464) | (12,683) |
| | **(94,891)** | **(102,225)** |
| **Net Current Assets** | **(63,365)** | **(72,430)** |
| **Long Term Liabilities** | | |
| Contingent efficiencies grant | (50,242) | (50,242) |
| Bank finance | (991,203) | (972,703) |
| Provisions | (1,825) | (1,872) |
| Deferred income | (14,431) | (14,431) |
| **Long Term Liabilities** | **(1,057,701)** | **(1,039,248)** |
| **Net Assets** | **628,545** | **635,169** |
| **Capital & Reserves** | | |
| Retained Income b/fwd | 197,582 | 207,150 |
| Income & Expenditure | (6,624) | (9,568) |
| Revaluation Reserves | 437,587 | 437,587 |
| **Funding Employed** | **628,545** | **635,169** |

Wheatley Homes Glasgow

**Key Commentary:**

The balance sheet reported reflects the 31 March 2023 year end statutory accounts position. This includes the revaluation of both housing and investment properties, actuarial valuation of the defined benefit pension scheme and the fair value of the Scottish Government loan.

- **Fixed assets:** movements from the year end reflects investment in existing properties, the new build programme, and any other fixed asset additions, less depreciation to date.
- **Current Assets (excluding cash)** are £5.3m higher than the March 2023 position, due to the timing of intercompany settlements.
- **Debtors due after more than one year:** The intercompany loan debtor relates to the convertible debt with Lowther Homes Limited and is revalued on an annual basis as part of the statutory accounts.
- **Short-Term Creditors:** Amounts due within one year are £7.3m lower than the March 2023 position mainly due to reduction in accruals.
- **Long term bank finance loans** net of amortised fees are £991.2m and relate to funding drawn down from WFL1.

# 4. Q1 Forecast

| | Full Year 2023/24 | | |
|---|---|---|---|
| | Forecast £k | Budget £k | Variance £k |
| **INCOME** | | | |
| Rental Income | 210,343 | 210,343 | 0 |
| Void Losses | (2,546) | (2,666) | 120 |
| **Net Rental Income** | **207,797** | **207,677** | **120** |
| **Grant Income New Build** | **4,906** | **4,109** | **797** |
| **Grant Income Other** | **6,544** | **5,044** | **1,500** |
| **Other Income** | **11,726** | **11,505** | **221** |
| **Total Income** | **230,973** | **228,335** | **2,638** |
| **EXPENDITURE** | | | |
| Employee Costs - Direct | 33,801 | 35,363 | 1,562 |
| Employee Costs - Group Services | 17,237 | 17,237 | 0 |
| ER / VR | 4,820 | 4,820 | 0 |
| Direct Running Costs | 10,790 | 11,687 | 897 |
| Running Costs - Group Services | 8,740 | 8,895 | 155 |
| Revenue Repairs and Maintenance | 54,232 | 45,386 | (8,846) |
| Bad debts | 2,574 | 3,774 | 1,200 |
| Depreciation | 76,569 | 76,569 | 0 |
| Demolition | 110 | 0 | (110) |
| **TOTAL EXPENDITURE** | **208,873** | **203,731** | **(5,032)** |
| **OPERATING SURPLUS / (DEFICIT)** | **22,100** | **24,604** | **(2,504)** |
| Interest Payable | (50,904) | (50,084) | (820) |
| **STATUTORY SURPLUS / (DEFICIT)** | **(28,804)** | **(25,480)** | **(3,324)** |

| | Full Year 2023/24 | | |
|---|---|---|---|
| | Forecast £k | Budget £k | Variance £k |
| **INVESTMENT** | | | |
| **Total Capital Investment Income** | **19,565** | **15,557** | **4,008** |
| **Investment Programme** | 52,165 | 55,281 | 3,116 |
| **New Build** | 50,724 | 46,447 | (4,277) |
| **Other Capital Expenditure** | 9,506 | 9,506 | 0 |
| **TOTAL CAPITAL EXPENDITURE** | **112,395** | **111,234** | **(1,161)** |
| **NET CAPITAL EXPENDITURE** | **92,830** | **95,677** | **2,847** |

**Key Commentary:**

The forecast operating surplus of £22,100k is £2,504k unfavourable to budget. After taking account of financing costs, the statutory deficit of £28,804k is £3,324k unfavourable to budget.

Total income forecast of £230,973k is £2,638k higher than budget:

- Void losses are forecast to be £120k lower than budget with the forecast taking a conservative approach to future performance.
- New build grant income is forecast at £797k higher than budget resulting from the delay in completion last year of 16 properties at Sighthill with the completion dates moving into 2023/24.
- Other grant income is £1,500k higher than budget following the confirmation of unbudgeted adaptations funding.
- Other income is £221k higher than budget due an increase in gift aid income from Wheatley Developments Scotland, linked to the higher forecast new build spend.

Total Expenditure of £208,873k is £5,032k higher than budget:

- Direct employee costs are expected to be £1,562k favourable to budget with funding for the Community Improvement Partnership and Group Protection activities available from the Wheatley Foundation.
- Direct running costs are forecast to be £897k favourable to budget with funding for running costs for the Community Improvement Partnership and Group Protection from the Wheatley Foundation. Additional running cost efficiencies have been targeted and further savings of £155k in group recharges are forecast.
- The forecast out-turn for repairs and maintenance costs has been prepared on a prudent basis and provision has been made for a £8,846k increase linked the higher levels of customer demand experienced YTD, noting that this is partially offset by a deferral of the core investment programme.
- Bad debts are £1,200k lower than budget with the forecast taking a conservative approach to future performance.
- Interest is forecast to be £820k higher than budget linked to higher variable interest rates.

Net capital expenditure is forecast at £92,830k and is £2,847k lower than budget.

- Investment programme is forecast to be £3,116k lower than budget, with an increase in costs for voids and capitalised repairs being offset by a deferral of the core programme.
- New build investment expenditure is forecast to be £4,277k higher than budget. This is largely due to an earlier than anticipated site start at Shandwick Street and timing of works at Calton Village Phase B.
- Capital investment income is forecast £4,008k higher than budget following receipt of £1,500k of adaptations grant funding, in addition to higher grant receipts Shandwick and Calton, linked to the timing of spend.

# 4b. Q1 Forecast underlying surplus

- As with the year to date results to 30 June 2023, the Q1 Forecast full year out-turn Operating Statement (Income and Expenditure Account) on page 8 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

- An underlying deficit of £9,306k is expected for the full year as shown in the chart below after adjusting to exclude the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties to reflect the underlying cash surplus/deficit on our letting activity.

- The forecast underlying deficit is £1,005k higher than the budgeted full year deficit and reflects the additional £8.8m of financial provision for repairs with capacity being provided through the investment programme and other operational efficiencies. Across the wider RSL borrower group, the forecast full year out-turn remains within available financial capacity and covenant compliance.

| WH Glasgow Underlying Surplus - YTD 2023 | | | |
|---|---|---|---|
| | **Q1 Forecast £ks** | **FY Budget £ks** | **YTD Variance £ks** |
| Net operating surplus | 22,100 | 24,604 | (2,504) |
| add back: | | | |
| Depreciation | 76,569 | 76,569 | 0 |
| less: | | | |
| Grant income | (4,906) | (4,109) | (797) |
| Net interest payable | (50,904) | (50,084) | (820) |
| Total expenditure on Core Programme | (52,165) | (55,281) | 3,116 |
| Underlying surplus / (deficit) | **(9,306)** | **(8,301)** | **(1,005)** |

Wheatley Homes

Glasgow