



**THE GLASGOW HOUSING ASSOCIATION LIMITED**

**BOARD MEETING**

**Friday 6 November 2020 at 10.30am**

**AGENDA**

1. Apologies for Absence
2. Declarations of Interest
3. Minute of meeting on 14 August 2020 and 23 October 2020 and matters arising
4. Coronavirus (COVID-19): Scotland's Strategic Framework (Presentation)
5. Staff survey during lockdown, summer 2020
6. [redacted]
7. 2021 Rent Setting
8. a) Business update  
b) Building compliance update
9. Delivery Plan 2020/21 and Quarter 2 performance
10. Five year review of City Building (Glasgow) LLP
11. [redacted]
12. Finance Report
13. Governance update
14. Corporate Risk Register
15. Assurance update
16. AOCB



## Report

**To:** GHA Board

**By:** Jehan Weerasinghe, Managing Director

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Staff survey during lockdown, summer 2020

**Date:** 6 November 2020

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### 1. Purpose

- 1.1 To update the Board on the results of a survey held in July to assess staff morale during the first four months of lockdown; seek feedback on how they felt they and how customers had been supported; and to collate views and suggestions on how their experiences in the pandemic might influence and shape future ways of working.

### 2. Authorising context

- 2.1 Under the Group Authorise/Manage/Monitor Matrix, the Group Chief Executive and senior management are responsible for managing performance and any specific regulatory requirements.

### 3. Risk appetite and assessment

- 3.1 There would have been a risk in not publishing the survey results when a commitment had been given to staff we would do so and in not taking account of the feedback gained in our future planning.

### 4 Background

- 4.1 The survey was conducted over three weeks across Group on the online platform, Survey Monkey, and was supplemented by telephone interviews and Zoom focus group meetings.
- 4.2 The aim was to collate employee views of their personal experiences of lockdown, our operational and organisational response to the pandemic and to establish staff priorities in the months leading to remobilisation in October. The survey was designed to be qualitative, judging sentiment and the overall emotional reaction to how the Group had looked after the best interests of both them and the people we work for across Scotland. The results were published on the staff intranet, W. E. Connect, in August.

- 4.3 In total, 1,071 members of staff completed the online survey online, with 12 submitting responses in writing. Of this 228 GHA staff completed the survey. All responses were anonymous. There were 58 telephone interviews and six focus group meetings. The focus groups were attended by 46 participants representing all sectors, partners and geographic areas in the Group.
- 4.4 The online survey comprised 11 questions across four subjects:
- people's personal experience of lockdown;
  - how they felt they had been supported, professionally and personally;
  - their perceptions of how customers viewed Wheatley and the services provided during lockdown;
  - and how the lessons learned, experiences shared and investment made might influence and shape future ways of working.

## 5. Discussion

- 5.1 All answers were reviewed by the Communications Team and summarised under the following key themes (with further detail included at Appendix 1):

### Home working

- 5.2 The benefits, issues and challenges of this were raised and discussed extensively in the answers to many questions. Many respondents reported adapting quickly and enjoying the flexibility of working at home, spending more time with family and not having to commute. Issues raised included not having adequate or suitable physical space, internal environment and equipment, increased workloads and difficulty separating work from home. Those with children found it particularly challenging juggling home and work. Most people favoured retaining home working going forward as part of a blended, flexible way of working.

### Safety

- 5.3 Not surprisingly, this was a key consideration, particularly for frontline workers and those with vulnerable family members. The vast majority of staff were positive about the safety measures and guidance provided and the Personal Protective Equipment ("PPE") secured, made available and utilised. Maintaining safe working practices was raised repeatedly as a key priority and requirement in all future ways of working.

### Customer services and support

- 5.4 It is clear staff are proud of what the Group has done and continues to do in going the extra mile for the people it works for. Question 8 in the online survey enabled staff to outline and discuss the various customer issues they have had to deal with during lockdown.
- 5.5 The home working model was seen to have had a number of benefits in terms of our engagement with customers. Our housing officers, call centre staff and care workers in particular reached out to more customers, some of whom they may have had limited contact with before. As well as phone calls, engagement extended to new methods such as video calls. This helped raise awareness of the range of services our partner organisations offer, and our proactive approach was welcomed by tenants and people we work for.

### Embracing digital

- 5.6 There is a strong sense of people having embraced digital and the online platforms made available. Although there were some I.T. and systems issues in the early days of lockdown, overall, people felt they were ready for the next stage of Wheatley's digital journey. A large number of respondents expressed appreciation of the support received from I.T. colleagues.

### Staff well-being

- 5.7 Whilst many reported they had coped well and had even enjoyed elements of their time in lockdown, others talked about loneliness, isolation and their mental health being affected. This emerges in responses across several questions. Being able to return to some form of face-to-face contact and interaction was rated as being very important to many staff.

### Work-life balance

- 5.8 This was another recurring theme, with many - particularly those working from home - valuing the flexibility and scope it gave them to achieve a better balance. Some respondents talked about how their work and home lives had merged and workloads increased. Supporting staff to delineate work and home life will be an important part of embedding an element of home working in the longer term across parts of the Group.

### Support for staff

- 5.9 The overwhelming view was very positive, with staff appreciating the efforts made to maintain good communications throughout the pandemic, referring to new features on W.E. Connect and initiatives, such as the Daily Uplift good-news report and Family Hub. Others highlighted the excellent support received from the I.T. and Employee Relations teams and the personal support received from their managers and other colleagues. Not unexpectedly, a minority felt more support could have been offered, but over 85% of respondents felt they had been well supported.

### Reward and recognition

- 5.10 A significant number of staff highlighted the importance of recognising and rewarding colleagues for their outstanding efforts during the pandemic.

### Furlough

- 5.11 Although most staff understood why the Group had participated in the UK Government scheme, some expressed disappointment at being selected. Others believed it had led to more pressure being placed on those still working. Some reported they were enjoying the opportunity to be at home and being able, for example, to look after small children.

### Focus group feedback

- 5.12 The Zoom focus groups with staff across the business held at the end of July explored further and in person the key themes identified online and in telephone interviews, including:

- home working and a future blended work model;
- supporting our customers, and what we've learned;
- leading and managing in challenging times;
- and staff support and recognition.

5.13 Co-ordinated and run by Communications and Employee Relations staff, these generated lively, honest discussions that underlined how engaged and motivated staff have continued to be during lockdown. A summary report of the feedback is attached at Appendix 2.

## **6. Key issues and conclusions**

6.1 The survey of staff has highlighted how important the culture and values of Wheatley have been in enabling the organisation to work effectively during lockdown. Our people have felt well supported, both in terms of managerial/leadership guidance and practical working matters such as IT equipment. Our culture of empowering staff to be leaders at all levels meant that the vast majority adapted well to the enforced change, with mutual support and use of new technologies enthusiastically embraced.

6.2 An overarching summary plus short summaries of the themes per question were published on W.E. Connect on Friday, 31 July 2020. Analysis of the views expressed and recommendations put forward by the focus groups has also been posted on the intranet.

6.3 The Executive Team and Leadership Group have taken on board the survey feedback as they continue to plan remobilisation and design and implement a new, blended way of working and service model. An example of this "you said, we did" approach is the financial awards and additional holidays announced last month, rewarding and recognising staff who have continued working throughout the pandemic.

6.4 The comprehensive qualitative July survey will be followed up later this year by a series of quantitative pulse surveys, emphasising again to staff the importance of their opinions and feedback .

## **7. Value for money implications**

7.1 Decreasingly the reliance on office accommodation can net savings (covered under the operating model paper) .

## **8. Impact on financial projections**

8.1 There are no financial implications arising from this report.

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

9.1 There are no specific legal, regulatory or charitable implications.

## **10. Partnership implications**

10.1 There are no partnership implications arising from this report.

## **11. Implementation and deployment**

- 11.1 Feedback has been shared with Executive Team and Managing Directors to use as they plan and implement future services, working models and office environments.

## **12. Equalities impact**

- 12.1 All staff were able and encouraged to participate through online and or hard copy access to the survey.

## **13. Recommendations**

- 13.1 The Board is asked to note the report.

Appendix 1 – Staff survey feedback

Appendix 2 – Staff focus group feedback



# Staff Survey

Our experience through lockdown

Summer 2020

## 1. Introduction

The staff survey was conducted through the online platform Survey Monkey and through telephone interviews in June 2020 and ran for three weeks.

The survey aimed to gather staff views on their experiences in lockdown, Wheatley's response to the pandemic and what our priorities should be going forward into the 'new normal'.

Focus groups are being held throughout July to further explore key themes and the results of these will be published in early August.

A total of 1071 members of staff completed the survey online with a further 12 staff handwriting their responses and 58 phone interviews carried out. All responses were anonymous.

The survey consisted of 11 questions designed to gain feedback around four areas which can be summarised as follows:

- people's personal experience of lockdown;
- how people felt they were supported professionally and personally;
- thoughts on customers' perceptions of our support and services during lockdown; and
- looking to the future: what might be retained as a new way of working.

## 2. Analysis

All answers to each of the 11 questions were reviewed by the Communications Team and key themes identified for each question. You can read the key themes in each question in section 4.

Views are many and varied, reflecting the different personal circumstances people found themselves in during lockdown and the breadth of job roles at Wheatley. Nevertheless it was possible in each question to identify key themes based on the most common responses.

## 3. Most common emerging themes

Looking at all the responses to the questions, both in the survey and the interviews, a number of key themes emerge. These are:

### 1. Homeworking

The benefits and issues with homeworking are discussed extensively in almost every question by staff. Many report adapting and adjusting quickly and enjoying the flexibility of working at home, having no commute and spending more time with

family. Issues reported include not having the right physical space, environment or equipment, increased workloads and difficulty separating work from home. Those with children have found it particularly challenging and their issues with juggling home and work are discussed repeatedly across the questions. There is a sense that for many people retaining some element of homeworking in future would suit them.

### 2. Safety

Safety is a key consideration for many, particularly those working on the frontline or who have vulnerable family members. Staff discuss positively the safety measures put in place by Wheatley, including PPE. Continuing to protect the safety of staff and customers emerges as a key priority for Wheatley staff for the future.

### 3. Support and services for customers

There is a strong sense across the questions of staff feeling pleased and proud of the services and support they have been able to deliver to customers and people we work for during lockdown. In Question 8 staff also discussed some of the customer issues they've had to deal with.

### 4. Embracing digital

There is a strong sense throughout the responses of people having embraced new digital platforms and of being ready for the next stage of our digital journey. Although people experienced some issues with IT and systems, particularly in the early days, staff are very appreciative of the support received from our IT colleagues.

### 5. Staff well-being

While some people do report coping well and enjoying elements of their experience in lockdown, others talk about loneliness, isolation and their mental health being affected. Again this emerges as a theme in response to several of the questions. Getting back to some face-to-face contact and interaction is important for many respondents.

### 6. Work/life balance

Work/life balance is a recurring theme, again with differing views expressed. Many staff, particularly those working from home, report having more flexibility and time, leading to a better work/life balance. Some staff feel their work and home lives have merged, their workloads increased and as a result their work/life balance has been impacted.



## **7. Support for staff**

Responses on support available to staff are overwhelmingly positive with staff appreciating W.E. Connect, including the Daily Uplift and Family Hub, and the support from IT and HR. Some respondents report excellent support from their manager and colleagues, while others felt they needed more.

## **8. Reward and recognition**

A significant number of staff discuss the importance of recognising and rewarding colleagues for their efforts during the pandemic.

## **9. The furlough scheme**

The furlough scheme recurs as an issue with mixed feelings expressed. Many staff understand why Wheatley participated in it but some report disappointment at being selected and others frustration at the increased pressure on teams where staff were furloughed. Some staff report enjoying the opportunity to be at home during lockdown, for example to look after small children, without the challenge of work.

## **4. Themes by question**

Here is a review of the key themes emerging for each question.

### **Q1 – Describe generally your work/life since lockdown began?**

There was a wide range of responses to this question with personal circumstances, job role, family commitments, general outlook and other life factors influencing how people responded.

The most frequently occurring words used to answer this question were:

- difficult
- stressful
- challenging
- different
- exhausting/tiring/draining.

A small number of respondents said they had enjoyed the experience.

## **Key themes**

There were 10 key themes emerging from the responses to this question.

### **1. Lockdown has been a mix of ups and downs**

Many people described their experience as being up and down, good days and bad days or a

rollercoaster. Responses appeared to be influenced by what was going on in people's personal lives as much as their working lives.

### **2. Work and life have been hard to separate**

A very common theme among those working from home was a feeling of difficulty in separating work from life. This was particularly prevalent in the first weeks of lockdown although for some it continued.

### **3. Juggling work with family, particularly children, has been a huge challenge**

The challenge of juggling work with children, either from home or on the frontline, was one of the most reoccurring themes.

### **4. Initially hard but people adjusted/adapted as time went on**

Many respondents talked about lockdown as challenging or difficult in the beginning but go on to say they gradually adapted.

### **5. Feelings of coping and enjoying work and life**

Some people however described their experience of lockdown as positive. A range of reasons were given for this including enjoying working from home and the flexibility it gives, the ability to help customers, and the opportunity to do new tasks and learn new skills.

### **6. Isolation and missing colleagues and interaction**

For many the over-riding feeling at the time of the survey was of isolation and missing the interaction of colleagues and the workplace.

### **7. Long days and increased workloads**

Staff from different parts of the business described extra work pressures, increased workloads and longer days.

### **8. Unsuitability of physical space for work**

Some respondents expressed difficulties with the physical aspects of working from home such as lack of space or unsuitable desk/chair or having to operate in a social-distancing environment.

### **9. Impact on people's mental well-being**

While most respondents described the period of lockdown as difficult, challenging or stressful, a small number also talked about it having an impact on their mental health.

### **10. Furlough – mixed reactions**

People on furlough described a wide mix of experiences from feeling guilty and worried to enjoying having the time to spend with family.

### **Q2 – What has worked well for you during lockdown?**

This question asked people to reflect on what had worked well during lockdown. Most respondents were able to cite at least one positive from their experiences, with many highlighting several things which they felt had gone well.

By far the most popular answers were around having more time at home to spend with family or on hobbies such as exercising and gardening. This was particularly so for staff working from home and also for some on furlough. The lack of commute and the flexibility provided by homeworking featured heavily in people's responses.

A significant number reported how effectively IT systems and IT support had worked for them and many talked about embracing new digital platforms such as Skype and Zoom.

Many frontline colleagues felt supporting customers and people we work for had gone well while a number mentioned PPE and other safety measures as having been effective.

There was appreciation among many staff for the support they had received from colleagues, managers and the organisation throughout the difficulties of lockdown. Communications within their team and from the Group was mentioned as part of this support.

A very small minority of respondents said nothing, or not much, had gone well for them throughout lockdown.

Here is a summary of the key themes in this question.

#### **1. More time to do things at home/with family**

One of the most recurring themes was staff reporting more time to spend at home and/or with their families. For some this meant being better able to carry out their caring duties and for others it meant more quality time with their children, such as having dinner together as a family. Exercising, doing jobs around the house and gardening also got frequent mentions with some saying they were getting more

fresh air and were eating healthier in lockdown.

#### **2. IT and digital platforms**

Another significant theme was colleagues' positive experiences with IT systems, the support received from IT, and embracing, quickly and effectively new digital platforms such as Zoom, Skype, Teams and WhatsApp to communicate with colleagues and customers.

#### **3. Lack of commute**

Colleagues who are homeworking repeatedly highlighted the lack of a commute as a major positive. The further they normally commute, the more they find this a benefit with some reporting a big difference to the quality of their life and their productivity levels.

#### **4. Flexibility**

Although a number of people report heavy workloads and long days in other questions, for many working from home also brings a flexibility which they like. The sense of having more control over when they work, particularly for those with young families, comes through strongly in response to what has gone well.

#### **5. PPE and safety measures**

In responses from frontline staff working in our communities and in our care services, the PPE provision and other safety measures are highlighted as having worked well for them.

#### **6. Supporting customers and people we work for**

The time, the level of support and the opportunity to deliver great services to customers and people we work for is a recurring theme among frontline staff who call this out as something that, in very challenging circumstances, has worked well.

#### **7. Support from managers, colleagues and organisation**

Staff from all areas mention the support from managers, colleagues and from the organisation as something that has worked well during lockdown. Their comments covered informal support from within their teams as well as from their line manager and the wider support provided by the organisation.

#### **8. Being on furlough**

While in Question 1 we saw evidence of a very mixed reaction to being on furlough, in this question many respondents spoke positively about their experience

on furlough, again highlighting having more time with their families or to spend on things they enjoy.

**Q3. What has not worked as well for you or your team during lockdown?**

This question invited people to talk about what had not worked well. Understandably respondents talked about the most difficult issues and challenges they faced over the period. Interestingly, a significant proportion of staff – around 20% – reported no issues at all, saying they, their team and the organisation responded very well to such an unprecedented situation.

Here are the most common themes.

**1. Working from home**

Working from home posed significant challenges for a lot of staff, particularly over childcare.

Looking after children and home schooling was difficult, while some staff also had to care for elderly family members.

Not having a proper workstation at home, sometimes causing back and neck problems, as well as lack of space and privacy was an issue. Some staff had to use – or buy – their own equipment, such as a chair, while others faced increased broadband costs, particularly if another family member is using their Wifi, as well as increased fuel bills at home.

Working from home left many staff feeling isolated, and missing the support of their colleagues.

**2. Work-life balance**

Closely connected to issues around working from home were issues around work/life balance. A significant proportion of staff reported being unable to switch off, facing increasing workload and feeling constantly at work.

One staff member summed it up: “It’s all work and hardly any balance.”

This, along with child care issues, led to feelings of anxiety, stress and guilt.

**3. Increased workload**

Also closely related to issues around work/life balance, many staff reported an increased workload, and a lack of recognition of the extra pressures they are under.

They reported feeling constantly at work, always asked to do more, with colleagues on furlough meaning extra duties for those still working.

**4. Lack of communication / support from managers**

While staff acknowledged the difficult circumstances everyone was facing, there was concern expressed by some over the level of communication, contact and direction from managers.

Some staff reported a lack of contact or regular meetings, which left them feeling isolated, disconnected and undervalued.

It should be noted that in other questions, eg question 4, many staff report being very pleased with the support they received from their managers.

**5. Isolation / missing colleagues**

One of the biggest issues staff faced was missing the office environment and the support from colleagues.

While meetings and conversations via Zoom or Skype helped, it wasn’t the same as being able to bounce ideas off each other and resolve difficult issues together.

This led to a sense of disconnect and not feeling part of a team.

**6. IT issues**

A significant proportion of staff were very happy with the IT systems they had, as well as support from the IT team.

However, some reported IT issues, with systems crashing, iPads not ideal to carry out their roles, a lack of a proper phone, not having two screens at their workstation, as well as too many platforms and systems which are not compatible.

**7. Lack of face to face contact with customers**

Some staff working from home reported missing the lack of face to face contact with customers, both on a personal and an operational level.

Staff are dedicated to their customers and miss being able to support them and provide the service they normally would. Some said that difficult conversations about rent, for example, were more easily resolved face-to-face.

Relevant staff felt the approach to dealing with anti-social behaviour, contacting the complainer but not the perpetrator, didn't work well.

#### **Q4. What has surprised/pleased/disappointed you the most?**

There were a lot of very positive comments to this question, in particular around how well most people felt they had adapted to working from home.

Generally speaking, the most common theme overall was around the fact that staff were surprised, and pleased, at how well they had coped and adapted to working from home during lockdown and how much they enjoyed the new work/life balance.

A significant number also reported being pleased with the support from colleagues and managers and how well everyone was 'pulling together' during difficult times.

There were a lot of comments about how team morale was high and many staff actually felt closer and more connected to their teams and colleagues, even though they were at home. Main disappointments highlighted by respondents were around different work patterns and time off and some expressed disappointment around the furlough scheme.

Here is a summary of the key themes.

##### **1. Surprised - how well people have coped with lockdown and enjoyed the new work/life balance**

The most common theme was staff reporting how surprised (and pleased) they were at how well they had coped with working from home. A significant number said they were also surprised at how they, and their colleagues, had adapted to it – and how quickly.

For many working from home has given them a much better work/life balance and, in turn, they feel less stressed.

A high number said they have enjoyed the flexibility it gives them (particularly around the hours, and working outwith a strict 9-5 regime) and stated how much happier they've felt as a result.

There were a handful of comments around how stressful the situation had been, especially those with young children and other family working at home, however this had perhaps not come as a

surprise so was not reflected strongly.

##### **2. Surprised at how much can be achieved and delivered from home**

Another strong theme coming through was how surprised staff were at how much they were achieving (and delivering) from home and how productive they were without office distractions.

A high number reported feeling more comfortable in their own surroundings and being able to be more flexible. Many staff said they were proud of what they'd achieved and delivered.

##### **3. Surprised at the digital technology, transition to home working and pleased with IT Support**

Another significant theme was surprise at the positive experience of using new technology such as Zoom, Skype and Teams calls to keep in touch and carry out the job.

There were a significant amount of comments praising the support of the IT teams and how fast everyone had received help, especially at the start of lockdown. Everyone seems to have really enjoyed using the new methods of communication, even those that were hesitant at the start.

##### **4. Pleased at the support of colleagues and managers and how everyone has 'pulled together'**

There were a significant number of staff who commented that the support they had received from their managers, and colleagues had been brilliant. A large majority of staff also said they felt relationships with work colleagues had been strengthened through the new methods of communication and they were having more regular, meaningful conversations.

There were many staff who said they'd received a lot of support and understanding from managers and commented that morale was high.

##### **5. Pleased (and surprised) at how much we've been able to do to help customers during this time and their positive response**

A large number of staff reported that they were pleased about services they were able to deliver to customers, and how positive the response had been to this.

There was a real sense of pride coming through from these comments about how pleased staff were



that they could still help people, from home, during such difficult times. Staff said they felt it was very rewarding being able to help people like this.

#### **6. Pleased about how Wheatley have looked out for staff (mental wellbeing etc)**

A large number of staff commented about the way in which Wheatley was supporting them, looking out for them and the particular focus on mental health. Many liked the introduction of the Wheatley Family Hub, however, there were also comments from some that they just didn't have the time to take part, but the idea was great.

#### **7. Pleased about less time spent in traffic/commute**

Colleagues who have been working from home repeatedly highlight the lack of a commute as a major positive. There were a lot of comments around the difference to the work/life balance as a result and indeed their productivity levels.

Many also said they felt their working days felt shorter without that long commute at either end of the day, making them feel much happier.

#### **8. Pleased with communication generally, but disappointment around lack of communication from line managers**

A significant number of staff commented that they are pleased with the communication updates, the level of information they are receiving generally through the intranet and also from MDs and Martin.

However, there were also a number of comments on the lack of communication, and in some cases contact, from line managers.

#### **9. Disappointed around varying working patterns/time off**

A number of staff expressed disappointment around what they say is different working patterns and time off being given to some teams and not others. Also some comments around how working conditions for different people varied because of their different conditions at home.

#### **10. Disappointed – furlough and annual leave – mixed reactions**

A significant number of staff who are working/home-working commented on the issue of furlough, with a lot of mixed feelings. Some felt there was a lack of recognition for those who have continued to work,

for example.

A large number of comments also focus on the issue of annual leave – for those on furlough they are accruing leave and are keeping public holidays while those working are having to use their leave for a day off here and there.

There were some comments, from those on furlough, around the lack of communication while they've been off.

#### **Q5 - What has been your biggest personal challenge or issue?**

Answers to this question were fairly evenly split between work and personal issues, and on many occasions responses included both.

Work issues tended to be around the amount of work and the pressures to deliver, amount of information to process and the stress that can cause.

Personal issues tended to be around coping with lockdown, concerns for their family, family commitments and even dealing with the death of family and friends.

Here is a summary of the key themes.

##### **1. Balancing your time and work/home life**

Far and away the most common challenge is the balancing of a work/ home life especially for those with children. A number of answers expressed guilt at not being there for family members.

Working and living in the same space and managing time to achieve work/life balance was also a challenge. Many of those who work from home said they had taken fewer breaks and were also tempted to go back online later in the evening.

On the whole, management have been praised for their flexibility and support, especially for those who are working and having to home school children.

##### **2. Working from home**

Working from home was a common theme, mainly about adapting to this different way of working and the challenges of finding a suitable space in the home and getting used to a new routine.

##### **3. Loneliness and Isolation**

A fairly common theme is not being able to physically interact with others with the feelings of

loneliness and isolation becoming a challenge. This theme was expressed by colleagues across the business.

#### **4. Mental Health and wellbeing**

A significant theme was feelings of stress, low mood and anxiety during lockdown. Comments mention stress and pressure of extra workload and the effects of the whole coronavirus situation. Staff who are furloughed also say that this is a challenge.

#### **5. Communicating with colleagues and customers**

A significant number of respondents found their biggest challenge was not having face to face interaction with colleagues and customers. Not being in the office and missing the 'buzz and chatter' of being with colleagues was also a challenge.

On a personal basis a large majority have found it challenging not being able to see family too.

#### **6. Safety of self, family and others**

For those who needed to be at work and out and about, their safety and fears of passing the virus on to others was a concern among the respondents.

#### **7. Furlough**

There are a number of comments which mention furlough and the concern and worry over the future. There was a smattering of comments that some had enjoyed the time off. Others have faced challenges with colleagues not being around due to furlough.

#### **8. Travelling to work on public transport**

For those who were travelling into work this theme was common. Their answers described the anxiety of being on public transport and a fear of catching the virus.

#### **9. Technology**

The use of technology and having the right equipment in the early days was a challenge for many, as was the ability to use the equipment and the new digital platforms.

System issues were a common frustration early on but seem to have settled, according to many of the respondents.

Throughout IT colleagues are praised as being extremely helpful.

### **Q6 – What would have improved your ability to cope better, personally and professionally?**

This question asked people to reflect on what, in hindsight, might have helped them cope better.

A significant number of respondents, almost 25%, said there was nothing they could think of, and many of those commented that they didn't think Wheatley could have done any more than it has done under the circumstances.

By far the most popular answers were around their work set up – including IT and equipment, work space at home, or the workplace, as well as the support and communication with their manager and the rest of the team.

Here is a summary of the keys themes.

#### **1. Working from home set up, equipment and workspace**

One of the most recurring themes was staff reporting issues with the space they have to work in at home, or the equipment (or lack of), that they have.

Comments centred around working from whatever space was available at home, often kitchen or dining tables, sometimes bedrooms. It also highlighted that when working from home for an extended period of time, a suitable chair and desk space are desirable.

#### **2. Contact with team and manager**

This was also a common theme. This seems to vary widely between teams, with some respondents reporting excellent support from their manager and colleagues, while others felt they needed more. Some teams have embraced the technology with regular Zoom or Skype meetings and WhatsApp groups and where this has been the case, this seems to have had a positive effect.

#### **3. Mental health and wellbeing**

A number of staff highlighted the impact on mental health and wellbeing. This includes a feeling of isolation generally, and especially when dealing with a difficult issue, when you would normally share that with a colleague.

It's clear that staff are missing regular contact with colleagues, particularly face to face.

#### **4. Working hours, workload and flexibility**

A significant number of staff reported finding the lines blurred between home life and working. They

have found it difficult to switch off and separate the two. Flexibility during the working day/week (or lack of) and working hours was also highlighted a lot.

Those with school age children reported finding it difficult to balance work with home schooling.

A number of staff also raised the issue of workload and the pressure and volume of work.

There were also some specific issues raised around shifts and shift patterns.

### **5. Being on furlough**

There were some responses from furloughed staff who felt they would have liked more information about furlough, more regular contact and plans for returning to work.

### **Q7 – How would you describe the support made available to you?**

The responses to this question were overwhelmingly positive. More than 85% of the responses were positive about the support that was available.

The majority of those who said the support available was good mentioned things like their line managers being there for them when they needed them. They praised the content on W.E. Connect, including the Daily Uplift and Family Hub. IT and HR had been extremely helpful.

A large section of respondents said they knew what support was out there, but they did not need it. Some respondents mentioned they would have liked to benefit from the activities on the Family Hub or the mindfulness course but did not have time. There was praise for the stories and blogs on W.E. Connect.

Here is a summary of the key themes in this question.

#### **1. Support from line managers**

One of the biggest recurring themes was the brilliant support staff felt from their managers. A large number of answers mentioned managers being there to listen and that they were understanding of the situation and flexible in their approach. A majority of respondents, said the support from their line manager was the most important support they received. There were a small number of comments which said their line manager could have offered more one-to-one support.

#### **2. Personal Protective Equipment**

Lots of answers mentioned the support received through the procurement of personal protective equipment. Respondents said it was readily available, and any requests for missing items had been fulfilled very early on. Many colleagues said that the availability of PPE made them feel their safety was a priority and they, therefore, felt valued by Wheatley Group.

#### **3. Support from colleagues**

A significant number of respondents said the support they received from their fellow colleagues was the most important form of support available. Respondents said they could lean on one another, and that the situation had caused them to become stronger as a team.

#### **4. W.E. Connect and internal communications**

Respondents were overwhelmingly positive about internal communications, noting that W.E. Connect had helped them feel connected and up-to-date, and the blogs and stories were praised. Many commented that the support available to them was easy to find. A large number of responses specifically praised Martin's weekly email messages.

Some said they would have liked more time to be able to do the activities or read the blogs on W.E. Connect. Frontline staff also pointed out that for them, it was almost impossible to take part in activities during normal working hours. There were some respondents who mentioned the content on the Family Hub was too focused on children. For a few people the constant positive stories on W.E. Connect was a struggle when they themselves were facing a tough time.

#### **5. Not enough time to access support**

Many of those who praised the support they were offered commented they did not have the time to use it. Many cited the need to meet their deadlines, pressure from managers and a lack of headspace outwith work as barriers.

#### **6. IT – software and hardware**

There was wide praise for the support colleagues received from IT and the support they received with general desk equipment. A large proportion of answers mentioned the IT's quick responses and efficiency in dealing with problems, and many praised them for setting up the home working system so quickly. There were a small number of

respondents who faced difficulty getting their IT issues sorted out, but these were in the minority.

### **7. Furloughed staff**

Most of those who identified themselves as being furloughed did say they felt supported by Wheatley with regular calls and emails and reassurance. There were a minority who felt they could have received more support while furloughed.

### **8. Workload/Caring responsibilities**

A number of respondents commented their caring responsibilities were not taken into account enough when assessing deadlines and workloads. However, there were respondents who said they had been able to strike a balance. Quite a few respondents struggled with the workload, given the difficult personal circumstances colleagues were in during lockdown.

### **9. Use of new technology**

Many respondents, both those working from home and on the frontline, positively mentioned the use of technology to support them. This could be through a WhatsApp group where teams discuss specific cases and share advice, a weekly Zoom catch-up or even a social event like a quiz. The responses were overwhelmingly positive; technology has improved their ability to cope and offered support where needed.

### **10. Senior management**

The majority of responses mentioning senior management complimented the visibility of senior management (especially through Martin's messages) and also the fact they felt they could go to senior management with issues. There were also some responses mentioning a lack of support for their teams from senior management.

### **11. HR support**

A number of responses mentioned the support they had received from the HR team. Quite a few people had also taken the mindfulness course or accessed Confidential Care and found these both to be really helpful support tools.

### **Q8 What do you think customers have felt about our services and support during lockdown?**

According to respondents, EatWell and the Emergency Response Fund were particularly well received among customers. Words that recurred include 'overwhelmed', 'grateful', 'positive', 'lifeline',

'amazed' and 'blown away'.

Customers have been especially touched by welfare calls, simply having someone to talk to and knowing they were there, made an enormous difference to their wellbeing – and to how they view the organisation.

Within the overwhelmingly positive responses, a minority of respondents mentioned other customer perceptions and concerns. These included:

- frustration at reduced services, especially repairs and NETs;
- unhappiness at paying for services they aren't receiving;
- anti-social behaviour;
- lack of clarity on criteria for accessing services in some communications; and
- mental health of people in care services.

Here is a summary of these key themes.

#### **1. Overwhelmingly positive about our response**

Overwhelmingly, staff said they felt customers and people we work for were happy with the service they received and that we had made a real difference through emergency food, welfare checks, care and support services and the response fund.

#### **2. Improved relationships, better engagement**

A very positive outcome is that several staff report improved relationships with customers, on a personal and professional basis.

Customers are very appreciative of welfare calls and that personal connection has built trust with staff. Customers are also more aware of services available to them, and are seeing their landlord in a much more positive way. Staff anticipate this will lead to better engagement in the future.

#### **3. Customer concerns and issues**

While staff report the vast majority of customers have been very understanding about the necessary reduction in services, some are unhappy. At the time of the survey there was an impatience emerging for services to resume, particularly the repairs, grass-cutting and close-cleaning.

A minority of staff reported some unhappiness from customers at having to pay for services they were not receiving.

Care staff reported feeling concerned about the



impact of lockdown on the mental health and wellbeing of the people they work for. Some customers were finding restrictions difficult, were missing the regular face-to-face support, and were feeling the effects of increased isolation.

**Q9. As lockdown restrictions ease, what more can Wheatley do to assist you?**

Overall, the most significant themes coming through focused around staff saying they were very happy with the support they had received to-date.

A large majority said they wanted the support and good communication to continue with clear, concise and regular updates. A large number said they couldn't think of anymore that Wheatley could do as they had done so much.

A significant number of people talked about how they wanted to be supported to continue to work from home where possible, with a flexible approach to this. Some talked about working from home full-time and some a blended mix of both. There were comments from several around wanting to get back to normality.

Another theme was around PPE and it being available, alongside information on how the new offices would work in terms of safety measures.

The topic of furlough also featured including bringing staff back as things got busier and support to help people integrate back in.

Here is a summary of the key themes.

**1. Communication and support**

One of the most common themes was the fact that staff felt very supported and they wanted this to continue. A high number said there had been excellent communication throughout and they hoped that would also continue, with clear and concise information on things like PPE, working practices as well as the future plans for the Group and the business plan.

**2. Working from home where possible, with a flexible approach**

Another strong theme coming through was that staff wanted to be supported to work from home more, even on a blended approach. Many reported they'd like flexibility around this, especially where they had children, or the job didn't require them to be in the office all of the time.

**3. PPE and safety measures**

A high number of staff reported they wanted to make sure that PPE was available for returning to more normal work patterns, especially for those going into homes.

Many people talked about the office layouts, and how this would work, and some were against hot desking and sharing equipment.

Some people highlighted not rushing back to offices. They felt guidelines and rules should be clear around distancing and other measures.

**4. Review of IT, equipment and desk space**

There were a large number of comments around equipment and how if home-working was going to continue a full review of IT, hardware and desk equipment should be considered.

**5. Furlough – supporting people to come back**

A high number of staff commented about the issue of furlough and how they hoped consideration would be given to bringing some back to help ease pressures of annual leave or when services get busier again.

Also a lot of staff felt that people who had been off for a long time would need support to integrate them back into working.

**6. Concerns around use of public transport**

The final theme coming through this question was around the issue of public transport. Many people expressed concerns about this and how it would affect their work patterns, for example, with reduced bus and train timetables.

Staff said they hoped this would be taken into consideration when they had to return and also asked that plans for re-starting in the offices could be shared so people could plan.

**Q10 – What have you and your team learned – and what might be taken forward into the new normal?**

A very large number of respondents in this question highlighted working from home as their biggest learning experience with many suggesting this could be something we take forward in future in some way.

Others pointed to our ability to adapt quickly to our new circumstances as the central learning and how we had been able to use technology effectively,

while many frontline staff called out the new ways we had found to support customers and people we work for.

Other responses on what we should take forward included a focus on safety, team work and recognition and support for our staff.

Here are the key themes for this question.

### **1. Working from home**

Working from home was a key theme in response to what had been learned and what should be taken forward. Most people who highlighted working from home said we had learned it could be done, and done effectively and that it brought benefits such as better work/life balance, time saved on commute and increased productivity. However many called for consideration to be given to a more blended or flexible approach as we move forward. Reasons given for this include isolation, missing the interaction of office working and the difficulties of always working around the rest of the household.

### **2. Our ability to adapt and respond quickly**

A very common theme among all groups of staff was how we had discovered the extent to which we could, in our teams and as an organisation, adapt well to changing circumstances and respond quickly and flexibly. This sense of adapting and responding quickly was something many respondents felt we should hold on to as we move forward.

### **3. Staying safe with standards and procedures in place**

Those who continued to work on the frontline of our care, housing support and environmental services highlighted how they learned about the vital importance of safety including measures such as hand hygiene, social distancing and PPE. Many outlined the need to continue with this as a focus.

### **4. Team work, collaboration, communication and sharing**

Many respondents talked about how they had learned they were part of a great team. Sometimes they were referring to their own local team and sometimes to the wider organisation as a team. They talked about pulling or rallying together and highlighted factors such as good communication, sharing best practice and helping each other through. There was a clear sense in these answers that staff wanted to see the strong team work developed through the pandemic continue.

### **5. Our role in supporting customers and people we work for**

Some staff chose to describe their work with customers as the thing they've learned about most. This includes being able to deliver services in different ways, offering new services or reaching out to customers we wouldn't normally have much contact with. In some cases it also involves learning from the impact on people of our reduced services. Many of these answers include calls to retain what they've learned in our new work practices.

### **6. Embracing digital and continuing the journey**

Our ability to use IT to our advantage and to work with new digital platforms features in many answers, both in response to what we learned and what we should take forward.

### **7. Recognition and support for staff**

Supporting, protecting and recognising staff is important for a number of respondents. Some answers ask for support and recognition to continue post-pandemic while others are asking for more recognition for the efforts and hard work of staff.

### **8. Issues staff feel dissatisfied with**

A minority of respondents answer the question by highlighting individual issues they are not happy with and asking for these to be addressed going forward. These answers cover issues including uniforms, the furlough scheme, understaffing, leadership visibility and a sense of teams working in silos.

### **Q11 – What should be our priorities?**

There were some clear themes emerging in the responses to this question on what our priorities should be.

The clearest priority, with a large number of staff mentioning it in their response in some way, was the safety, welfare and wellbeing, both physical and mental, of staff and customers.

Other priorities supported by significant numbers of respondents were:

- valuing and recognising staff;
- supporting customers and people we work for;
- getting core services back up and running;
- offering flexible working options;
- continuing our digital journey;
- re-introducing face-to-face contact; and
- listening, engaging and learning.

Here is a summary of each theme.

### **1. Health, safety and wellbeing of staff and customers**

This was by far and away the most common answer among staff from across Wheatley. The answers alluded to both the physical safety of people as we return to a new normal and their mental well-being. In many cases the response was short and to the point with staff saying simply 'The safety/welfare of staff and customers/people we work for' or 'staff well-being'. In other answers people elaborated on the kinds of safety measures they thought should be a priority. Many staff who cited other priorities in their answer mentioned health and safety or employees' mental health as also being a top priority.

### **2. Value, recognise and support staff**

A call to recognise and reward staff comes through as a priority. In these answers some respondents acknowledge there is appreciation for staff but ask for consideration to be given to further rewarding groups of staff who have worked through the pandemic. Most answers call for general recognition, reward or appreciation but some also suggest reward and recognition through additional annual leave or a pay rise.

### **3. Support for customers and people we work for**

An equally high number of respondents said the priority should be customers and people we work for, and providing them with the services and support they need. Again many people expressed this with a single word: 'Customers', 'Tenants', 'PWWF'. Many made the point that our customers deserved and needed our support.

### **4. Re-introduction of core services**

Many respondents, keen to see things return to normal, chose here to talk about the reintroduction of our core frontline services as being the top priority. Answers mentioned repairs, letting, anti-social behaviour services and environmental services.

### **5. Offering flexible working options**

As we've seen in other questions home working has been a big talking point for respondents who have outlined a range of benefits and challenges. In this question about what our priority should be, a number of staff highlight the need to retain options to work flexibly, particularly from home. Reasons given for this include supporting people with their work/life balance, helping parents with childcare and other family commitments, and facilitating more

efficient and productive work practices.

### **6. Continue our focus on digital**

For many, one of the priorities was maintaining and growing our digital focus, both for staff and for customers. In part this was linked to facilitating home, remote and flexible working but some of the comments were also focused on customer experience and engagement. Here are some of the views around making our digital journey a priority.

### **7. Bring back more face-to face contact**

A smaller number of staff from different parts of the business call out bringing back face-to-face contact, as a priority. This in part reflects the sense, seen in other questions, that people are finding the isolation and lack of human interaction difficult. For some respondents, however, this is a priority because they believe it is only through face-to-face contact that they'll be able to deliver the right, tailored service and support to tenants and people we work for.

### **8. Listen, learn and respond**

A smaller but nonetheless significant number of respondents answered by asking that Wheatley listens, learns and responds by putting new approaches and practices in place.



## **Staff Survey**

Working through a pandemic

**Summer 2020**

*Making homes and lives better*

# Staff Focus Groups

August 2020

## Introduction

Six focus groups took place throughout July following the online staff survey and interviews which gathered staff views on people's experiences in lockdown and Wheatley's response to the crisis.

The focus groups were aimed at exploring further some of the key themes which emerged during the survey and at capturing views from staff on what learning should be incorporated into how we work in future.

The focus group discussions were carried out on Zoom and were hosted by Director of Communications and Marketing Yvonne Flynn and supported by colleagues from HR and the Communications Team.

A total of 46 participants representing all sectors, subsidiaries and geographic areas in the Group took part.

The themes explored were:

- homeworking and a future blended model;
- supporting customers – what we've learned;
- rewarding and recognising staff; and
- leading and managing in a flexible working model.

People who took part including the supporting staff, contributed enthusiastically and seemed to enjoy the experience of getting together with different colleagues to share experiences and views.

## Summary of feedback

- Participants were overwhelmingly positive around Wheatley's response to the coronavirus crisis across all the themes explored.
- Echoing the findings of the survey, participants were enthusiastic about the idea of retaining some flexible and remote working and supported a future blended working model.
- The key challenges to resolve for the future included supporting staff with their physical work space and equipment, retaining the right level of flexibility and structure for those with caring responsibilities and helping people to minimise isolation and protect their wellbeing.

- There was acceptance that the office of the future would be very different and serve different purposes including a place to go to meet and collaborate, and a functional space for printing, storing and accessing files and other tasks.
- Customers were very positive about our services and saw us as more human
- The biggest shift was from face-to-face interaction to engaging with customers by phone and digital channels
- Staff wanted to retain, or explore further, the use of phone and digital channel support as they saw it brought benefits but also stressed the importance of keeping some face-to-face interaction for some situations.
- Teams believed they had worked together well, for example housing and NETs, built stronger relationships and wanted to retain the benefits of improved teamwork.
- While some staff called for greater reward and recognition in the staff survey, when explored in the focus group, participants were hugely appreciative of the existing reward and recognition at Wheatley and described the benefits as 'brilliant' and 'second to none'.
- The importance of a thank you from senior leaders was emphasised with one NETs colleague recounting how he was buzzing for a week after receiving a 'well done' call from Wheatley's Neighbourhood Services Manager.
- Ideas for recognising teams' efforts during lockdown included: a big party, an awards ceremony or events where people could get together to share experiences.
- For leaders one of the big challenges had been balancing spending more time supporting staff while delivering on demanding and heavy workloads and working remotely.
- There was a need to redefine the principals of leadership at Wheatley with opportunities to learn and develop skills for leading in the new normal and to share experiences with other leaders.
- Leaders were apprehensive around managing people returning from furlough and supporting them to integrate back into work and the team.

A summary for each theme is attached below.

## **1. Homeworking and a future blended model**

Two focus groups took place around this theme, with a total of 15 participants from across Group. The aim was to gather experiences and feedback for how elements of homeworking could be carried forward into our new working model and what the key considerations should be.

The following summarises the discussion on this theme.

## **General response to homeworking and challenges**

Most people found working from home a positive experience and said that it had worked well on the whole. This echoed the general sentiment expressed through the survey and the interviews. People said virtual working through tools like Microsoft teams, zoom and digital working in general meant they could work as normal and maintain contact with colleagues.

Some staff like the fact that there are fewer distractions when working from home, and reported being able to concentrate better on pieces of work. Those with children found they had constant interruptions from their dependants. However, there was also an acknowledgement that this is likely to improve once the schools go back.

Lack of daily commute was highlighted as a positive as it allowed staff to use this time to deal with work priorities instead.

Housing officers spoke about the iPad rollout and how this had helped them be less paper-based and allowed some element of remote working before lockdown. They also mentioned arrears performance had improved as those with a wider patch area spent less time travelling and had more time to dedicate to customer calls. They said communication by phone is fine, but that you can't beat face-to-face interaction with customers.

Some people, again confirming the feedback from the survey, faced particular challenges in their home working circumstances. Those highlighted were:

- having a quiet, appropriate place to work within the family home;
- balancing childcare while there is no one else to look after children; and
- feeling cut off from their team and colleagues.

## **Future working model**

A blended 'best of both worlds' model was popular, with a balance to be struck between the flexibility of working from home and retaining the benefits of office working.

There was some discussion that staff should be given the choice to decide whether they want to work from their home or an office, but also an acknowledgement that availability of office space will be determined by government guidance.

A blended model would need to be built around the needs of the organisation and will also depend on the job role and the individual.

People felt a 50/50 split between time at home and the office would be a good balance.

## **Support for those with caring responsibilities**

The group discussed what the organisation needed to consider when it came to supporting staff with caring responsibilities.

People shared some of the difficulties they faced, but also acknowledged many of these problems were caused by lockdown and lack of childcare, rather than homeworking. When schools and nurseries reopen working from home would become easier.

One participant was concerned about working at home with very young children, and the practicalities of being able to focus on work and customers and meet his family's needs.

Other people talked about difficulties of working from home with the family there – for example, having to ask children to be quiet or go away when they are working in a family space like a kitchen.

## **Flexibility around location and hours**

Flexibility was seen as a key consideration in the two groups, both around location and hours worked.

People were appreciative of the support and flexibility Wheatley had already shown, which had allowed them to manage things better. Some members of the focus group had younger children and expressed enthusiasm for homeworking to allow them to manage school and nursery pick-ups and drop-offs better.

There was also some interest in a flexible approach to working hours for staff with caring responsibilities. During lockdown, some participants had agreed non-standard hours with their team, such as working in the morning, taking a break in the afternoon to look after children, and logging in again in the evening. They found this flexibility very helpful.

There was also a suggestion customers might prefer to be able to speak to someone at the end of the working day.

## **Need for structure and boundaries**

People also said they needed structure along with flexibility, and needed to know what hours and where they will be working so they can manage responsibilities such as caring for children or older family members. An ad-hoc, last-minute approach would not suit them.



Others felt flexible working was difficult for the business. People need to be contacted by colleagues and customers during the day, and the organisation needs to be able to respond to emergency situations. Even day-to-day projects could get held up if people are working at different times.

Some concerns were expressed about the divisiveness of flexible working. Prioritising the needs of working parents over those without children could be seen as unfair and generate resentment because all staff need a work/life balance.

In summary, the organisation would need to consider:

- the needs of people with pre-school children;
- balancing the needs of the business with a more flexible working pattern while ensuring other members of the team are not plugging gaps;
- the requirement of some people to have the same working pattern every week because out of school care and nursery hours are usually fixed; and
- The impact on family life – such as the loss of a family space – of more home working

## **Physical work environment**

Concerns were expressed about the lack of suitable workspace at home. Some younger staff still living with their parents had to work on their bed, some were working in family spaces like kitchens, while others were without a suitable space for a desk, computer or office chair.

While many staff 'made it work' during lockdown, it would not be ideal if working from home is to be a long term/permanent arrangement.

Issues highlighted included:

- a lack of devices to work on – some have only an iPad – and patchy wifi
- the financial implications, especially for lower-paid colleagues, of buying a desk and chair, and the cost of heating, lighting, wifi and electricity, especially in winter
- the need for training in Microsoft Teams and similar platforms

## **Mental well-being and isolation**

Mental wellbeing, isolation and the loss of separation between work and home life were also seen as important considerations for the future. Some participants felt pressure to be 'always available' and were tempted to keep working late, checking and responding to emails when they weren't working.

Concerns were also expressed about people who live alone and derive much social wellbeing from coming to work, being in town and being able to see friends at lunchtime.

The point was made that working from home doesn't suit everyone and 'is not what people signed up for'.

The importance of retaining face-to-face contact with colleagues, and one-to-one time with managers, was seen as important in supporting mental wellbeing.

## **Staying connected and supported**

The use of technology was seen as key in staying connected during lockdown.

Some people felt they got enough interaction through Whatsapp, zoom and phone calls. The need to share best practice on using these platforms was highlighted.

Others regarded these platforms as useful but no substitute for the social side, along with support and advice from colleagues, of being in the office.

There was also a suggestion that people working remotely could lose that sense of feeling 'part of Wheatley'.

Networking events would become more important to keep that sense of being connected and of sharing the organisation's culture.

Positives to come out of this have been an increase in joint working by some subsidiaries where their geographical patches sometimes cross, for example Loretto Housing and Cube.

## **Learning and development, and culture**

The group felt working in an office was important for learning and development, particularly for younger staff. Watching and learning from colleagues, as well as support and advice over difficult issues, could be lost without an office environment.

Working from home reduces the opportunities for collaboration and sharing ideas and it was seen as important that our new working model addresses this.

People felt Wheatley had a strong culture, a set of shared values and vision, which has been strengthened by the way people pulled together during lockdown. There was discussion around how new staff would integrate into this culture if they were in the office less.

## **The future of the office**

People discussed what the purpose of an office would be, if a more blended approach was adopted.

Human interaction was seen as a very important part of it, and space for collaboration and networking would need to be incorporated.

Housing officers said they still need to go to an office for paper files, printing letters and so on.

Practical considerations highlighted included the need for social distancing, meaning a reduced capacity in the short term.

Consideration is also needed for those who need specific work equipment identified through a DSE assessment, as they would have less flexibility around where they could work and which desk they could use.

People were enthusiastic about the idea of an office space being more than a place to log on to a computer and work, but as somewhere where people could go to do specific things, meet people, share ideas and work collaboratively.

Participants didn't want to lose the option of coming to the office because it was important to be with people, meet colleagues and build relationships – as well as being a place where necessary equipment is.

One person visualised an office as more of a hub, where people can get together and share ideas, a really good meeting space for customers and staff, and not just a bank of desks.

## **2. Supporting customers, learning and the future**

Two focus groups took place around the theme of Supporting Customers. There were 16 participants from across the Group including representatives from care, NETs, CSC, repairs and GHA, Dunedin Canmore and DGHP.

The aim of the discussion was to gather views on what staff had learned about delivering services in different ways during lockdown and what aspects of the learning could be carried forward.

## **What did customers think about our services?**

Staff reported that the overwhelming majority of customers were blown away by the support we were giving them.

There was also a strong feeling that the support being given to customers by staff has really 'humanised housing'.

Staff reflected on being stopped in the street when they started getting out and about again – people no longer seeing staff as debt collectors, and only at the door because of ASB.

The environmental teams commented that customers were more appreciative of them, coming out to talk to them recently when they're cutting grass and engaging with them more when they've been delivering food parcels and ERF requests.

## **What was different about interactions?**

Representatives from Care and Housing both agreed their interaction with customers changed drastically because of lockdown, going from face-to-face contact to telephone support.

The Housing Officers mentioned the use of new technology with customers such as FaceTime and Whatsapp. This was seen as a big positive and a good way to reach customers during lockdown.

Generally, the group felt there was a lot more positive engagement from customers over the phone – and also through digital methods of contact. Some staff felt they engaged with tenants they usually wouldn't have through welfare calls carried out during lockdown and this allowed them to speak to more customers than average.

There was a general feeling that this increased engagement was perhaps because there was less pressure and less anxiety for some customers (particularly those who are more vulnerable/challenging) than when they're sitting face-to-face having difficult conversations

However staff said there was still a real need to retain flexibility to have face-to-face contact where required. People agreed there were times where you need to see someone to understand and read their body language and gauge their emotional reactions.

Although telephone support has been a good alternative to face-to-face support, a care member of staff mentioned that some of the conversations with those they were supporting had been particularly challenging as lockdown progressed. It was also noted that it was hard to separate work and life because staff were having serious and emotional conversations in their own homes.

NETs staff said one of the things that was different for them was there was an increase in going to the shops for customers, and picking up prescriptions due to the numbers of people self-isolating or shielding. They also delivered food parcels to them and called on vulnerable tenants to check they were OK.

It was also recognised that the housing team relied heavily on the NETs to make face-to-face visits, maintaining contact with customers who weren't engaging. The good working relationships between NETs and housing officers was highlighted as a major success of lockdown.

## **What have you learned that you would keep going forward?**

Regular welfare checks would be something care staff would like to see continue. They would also like new mediums such as Zoom explored. Many of the vulnerable people we work for are feeling anxious about coming back to 'normal' life. Some will continue to shield. It was stressed that these people could end up feeling more marginalised if they aren't reached by new methods of communication going forward.

As housing staff start home visits again, the fact that some customers rely on lip-reading to communicate was highlighted. Mitigations would need to be in place for these customers (visors instead of masks, for example).

For the NETs, they felt their systems and processes were strong before lockdown, and that's why they were able to scale these up successfully. They'd like to continue to keep up the contact with customers as these interactions and ad hoc tasks are important to the people we support. Helping customers had felt really good and staff would love to hang on to that in some way.

For housing staff in DGHP, they have struggled with large patch sizes throughout lockdown. They would like to move to having 200 homes per housing officer so they can continue to give a more personal and dedicated service.

For repairs, there is nothing they would take forward. They have struggled during lockdown and are looking forward to services re-starting again.

It was felt that working from home was both good and bad. If you had small children, it was very stressful, but it also offered many the chance to focus on a task and be more productive. Staff would like to see home working continue, and allowances made for those with children if schools do not go back full time.

Staff said better work/life balance meant they felt more in control which in turn brought a real benefit and value to the customers due to having more time to spend with them.

Many on the group said they felt less stressed, more relaxed, more in control, able to make more decisions – all through working from home. An example - some said at times they might be logging in early and doing emails, and then again later at night, however they didn't mind that as in between through the day, if they had to hang their washing out they could take the time to do that – the work/life balance was much better

DGHP staff said it had been a challenge but the 'think yes' approach had been embraced and everyone is feeling much more empowered in their jobs and can make their own decisions, creating less stress. They wanted to keep that sense of empowerment while also getting the restructure completed.

## **As internal customers, how did you feel you were supported by IT, Comms, HR, CSC during lockdown?**

Generally staff felt completely supported, even lone workers who knew someone was on the end of the phone at all times

The consensus was that there has always been a sense of togetherness; everyone pulled together as one during lockdown. The NETs perhaps felt this the most.

IT staff said it was a learning curve to support internal customers working from home to start with – particularly getting everyone up and running all at once and on different devices (Macs, ipads etc). But there was all-round praise for IT's support during lockdown. They were quick to sort everything at the beginning and have offered great support throughout. The fact we can all access our desktops like we're in the office was highlighted.

There was also positive feedback on HR. With comments about them, 'being just a phone call away,' and 'fantastic as usual'. The group commented that communications has been really good and the 'daily uplift' has been great – it's good to share the experience of the teams and see what others are doing

The housing staff highlighted the joined-up working between NRT and The Hub. With both offering to do weekend and evening calls to relieve housing officers.

For care, the launch of Wheatley Care during lockdown presented its own challenge - creating a new company, and a joined-up culture in the midst of the pandemic. While a challenge, it was seen as a success.

The fact that COVID numbers are so low in Care was suggested as a sign that staff had worked well together to keep everyone safe.

## **What should the ET think about when they plan how to support customers?**

There was a consensus in the group that the ET should continue doing what they're doing. They felt the support had been good and we should keep on the path we're on.

The Emergency Response Fund was singled out as something that should be factored into future plans. A Housing Officer had been able to buy a vulnerable customer a brand new washing machine when they had no money to do so, and they felt the fund was a brilliant asset.

Throughout the discussions there was feedback that the flexible working and the use of different ways of engaging with customers should be retained as well as the sense of working together.

### **3. Reward and Recognition**

There were eight participants from across the Group including representatives from the NETs and DGHP and staff on furlough in this focus group.

#### **Support during lockdown**

There was a strong sense that everyone had pulled together during lockdown, forming good working partnerships and supporting each other.

Peer to peer support was highlighted as being very important – and regular team meetings and catch ups have been key for this. Comments included that some people by their nature / personality are more resilient and others perhaps needed more support.

Staff said their managers had been a great support, with those who needed to, being able to work flexibly to help meet their caring responsibilities for children or elderly relatives. This echoed the majority view in the survey and phone interviews.

Our NETs colleagues also reported excellent support, with their safety being taken care of through the supply of PPE, regular briefings with managers, as well as managers regularly checking in to make sure they were ok.

#### **Current reward and recognition at Wheatley**

Staff were asked to describe what they thought of Wheatley's staff benefits. "Excellent", "fantastic", "second to none", "brilliant", "love it", "amazing" and "even the little things like an eye test are great" were just a flavour of the feedback on the package available.

Staff commented that we can sometimes take it for granted and, since lockdown, they have a renewed appreciation for how well we are looked after when they compare it with friends and the organisations they work for. One person commented that friends are having to take wage cuts so we feel very lucky to have the package that we do.

#### **Recognition for work done in lockdown**

Those on furlough commended those who are 'holding the fort' and one person said they felt a little guilty about being on furlough.

Ideas for recognition included a big party, and awards ceremony or even a prize draw, but many ideas centred around getting people together again to share their experiences.

A common theme was that a simple thank you or personal recognition goes a long way – people remember that. One of the NETs said he received a call from Steven Gray to say thanks for all he was doing. He said he hugely appreciated that call and was buzzing for a week afterwards.

HR reported that staff who were self-isolating really appreciated their welfare calls, particularly in the early weeks. They appreciated the personal contact from their employer during a difficult time.

One attendee commented that one size doesn't fit all, and with so many staff across the organisation what works as recognition for one group doesn't work for everyone.

### **Other comments / issues**

Staff spoke about the Family Hub and the wide range of things available. Staff felt it's a really good initiative and that there is something for everyone, from sports, cooking, baking and book club to family hour and 'space to speak' sessions for housing officers.

One furloughed member of staff did comment that despite feeling very in touch with the organisation and getting regular contact from their manager, they still felt a bit in the dark about when they might get back to work, and is very much looking forward to getting back to it.

## **4. Leadership and managing people**

The focus group on leadership in lockdown brought together seven managers from across the Group including from housing, care, the CSC and business support. The aim was to look at experiences of leaders in lockdown and discuss the key considerations for the organisation as we move into the new normal.

### **Leaders' experiences**

As part of the introductions participants talked about their experiences, with the main themes being:

- The use of technology and the support from IT has been fantastic
- Better connections and relationships with teams are stronger than ever
- We were able to adapt quickly and still delivered a quality service
- More time had to be spent supporting staff
- Challenges included striking a balance between supporting staff (including those on furlough) through difficult times and getting the job done.



## **What was different about managing and leading in lockdown?**

The use of technology, (WhatsApp groups, and Zoom) to manage teams, rather than face-to-face, was discussed as being one of the major shifts. Having regular touchdowns with staff helped keep teams together and motivated. Leaders reported using these platforms for work and for social interactions too.

Most found that interpreting body language over video chat was hard and therefore it was challenging working out how people really were. Looking at body language was important to help you see if there was something not right with somebody.

Majority found you had to spend more time than you would normally managing people on the phone and having one-to-one conversations.

The CSC felt this was particularly important for staff morale.

For those with new staff or for new managers in a new post, it was harder than it would have been normally to build relationships.

## **Managing relationships remotely**

Some found that scheduling regular catch ups (on zoom) was effective and allowed for better diary/time management.

Some found it very challenging managing deadlines and workloads, ensuring work and services were a high standard, while having to spend more time managing and supporting people using new and different channels.

There was discussion around how hard it was to have difficult conversations on the phone/on a screen. It was felt that these conversations would be best face to face and allow this to happen needs to be looked at as we go forward.

The wellbeing of staff and leaders (including dealing with mental and physical wellbeing in a remote working setting and isolation) has been and will continue to be important as we work remotely.

There was a consensus that managers and staff would all need to learn new skills and rules of engagement as we continue to work remotely and flexibly.

Some people had come to expect welfare calls and we now need to establish what our organisation's expectations are of how we interact, engage and deliver services in our new normal.

We should establish Wheatley leadership principles for a virtual workforce, defining/ redefining these for consistency.

The majority of leaders talked about how hard it has been to keep in touch with staff on furlough, that it was time consuming and often there wasn't anything to update them on.

## **Ensuring consistency of leadership and support for staff**

Leaders talked about finding the balance between the demands of the job and of supporting people in new ways.

It was agreed we had been very good as leaders at responding in crisis mode but we now needed to move out of crisis mode and into Priority Management in our new way of working.

Trust was mentioned as a major factor for leading in future – trust in your teams, and to be trusted as leaders and this was seen as key as we move forward.

We should have forums for sharing best practice and experience among leaders at Wheatley.

There was also discussion about learning and development opportunities to support leaders to manage people in our new service model. Many thought the development of both staff and leaders to be able to think and work flexibly, to build trust and self-reliance and to problem solve was important.

### **The furlough challenge**

Most leaders were concerned about supporting and managing furloughed staff both now and when they return to work as well as their wider team.

Furlough staff will have mixed feelings (disappointment about missing out, anxiety, feeling out of the loop etc) about coming back to work and there is concern about a divide in the workforce when they return.

Leaders were encouraged to get involved in helping to create the 'welcome back' sessions which were being developed.

Managers' role will be to help them re-integrate with a welcome back relevant to their teams while remaining mindful of staff who have worked through.



## Report

**To:** GHA Board

**By:** Steven Henderson, Group Director of Finance

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** 2021 rent setting

**Date of Meeting:** 6 November 2020

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### 1. Purpose

- 1.1 This report seeks approval for the proposed approach to the 2021 rent increase and explains how we intend to consult tenants on the proposals.

### 2. Authorising context

- 2.1 Under the Group Authorising Framework, the Group Board is responsible for the Group rent setting framework. As part of this, the Group Board is responsible for agreeing rent increase parameters within which each Registered Social Landlord ("RSL") Board has the authority to agree an increase.
- 2.2 The Group Board agreed that a base increase of 1.7% should be the basis of consultation with each RSL's tenants, but with some element of variation taking into account individual RSLs circumstances.
- 2.3 The Group Board also agreed that a second option should be discussed with tenants, with tenants asked whether they would be prepared to pay higher levels in return for additional local investment.

### 3. Risk appetite and assessment

- 3.1 Our risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward*".
- 3.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "*avoidance of risk and uncertainty is a key organisational objective*".
- 3.3 The decision on rent increases involves striking a balance between the need to continue our path out of underlying deficit into surplus (as set out in our business plan), continuing to deliver services our customers tell us they want, and keeping rents affordable. We are also required under statute to take into account the views of customers before making final decisions on rent levels.

### 4. Background

- 4.1 Keeping rents affordable for our tenants remains one of our key objectives. The GHA Board agreed at its July meeting to revise our financial projections to assume lower future rent increases.

- 4.2 It was agreed that the base assumptions should be revised downwards from 3.5% each year to 1.9% in April 2021, 2.4% in April 2022 and 2.9% from April 2023 onwards. The base assumptions would thereafter be reviewed annually during the rent setting process relative to our rent setting criteria with a continued focus on them remaining affordable.
- 4.3 This was reaffirmed at the Board strategy workshop, where the Board agreed to accelerate the 2.9% long term rent increase assumption (down from the previous 3.5%) from year 5 to throughout the life of the strategy as a strategic commitment.
- 4.4 Subsequent to this, and taking into account the continuing economic impacts of the pandemic, the Wheatley Group Board agreed that the general level of RSL rent increases for April 2021 should be reduced further, from 1.9% down to 1.7%.

## 5. Discussion

- 5.1 Our annual rent setting exercise takes into account the four key areas in our Group rent setting framework:
- Affordability;
  - Comparability;
  - Consultation with tenants and service users;
  - Financial viability
- 5.2 On the basis of these criteria, the following rent increases are proposed:
1. A general minimum increase of 1.7%
  2. A lower increase of 1% for approximately 3300 GHA tenants taking into account the commitments in our High Rise Living Framework, affordability analysis, demand and turnover

These proposals have been developed based on consideration of the four areas in our rent setting framework as follows.

### *Affordability & Comparability*

- 5.3 Our average rents, and those of other Group RSLs, for 2019/20 are shown in table 1 below.

*Table 1: Group RSL average rents – March 2020 ARC return*

RSL	1 Apt Ave Rent	2 Apt Ave Rent	3 Apt Ave Rent	4 Apt Ave Rent	5 Apt Ave Rent
Dunedin Canmore	£78.75	£84.87	£98.73	£111.87	£115.66
Cube	£70.17	£82.47	£97.58	£105.66	£120.01
WLHP		£83.97	£89.82	£97.89	£105.57
Loretto		£75.68	£87.81	£94.47	£114.19
GHA	£65.04	£79.21	£86.63	£101.67	£110.57
DGHP		£75.49	£82.32	£88.65	£96.54

- 5.4 The table above shows that GHA's rents, on average, are lower than most of the other Wheatley RSLs, including for the most prevalent size of property (3 Apartment, ie 2 bedroom, homes). Based on the maximum increase of 1.7%, the average increases per week for different property sizes would be as shown in table 2 below.

Table 2: average rent increases per week based on 1.7%

	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt
Per Week increase	£1.11	£1.35	£1.47	£1.73	£1.88

- 5.5 We engage directly with tenants each year through our independently conducted tenant satisfaction surveys. In the most recent survey in 2019, the percentage of tenants that felt that our rents represent good value for money had increased from 76% to 79%.
- 5.6 In considering affordability we have assessed our rents using the Scottish Federation of Housing Associations ("SFHA") Rent Affordability Tool. The percentage of net minimum wage income spent by different household compositions in different property sizes on average is shown below

Table 3: Affordability analysis

House Size	Rent	% of minimum wage spend on rent						
		Single Person	Couple (1xPT, 1xFT)	Single Pensioner	Pensioner Couple	Single Parent +1 Child	Small Family (2 Children)	Large Family (3 Children)
Bedsit	£ 69.95	25.2%	16.8%	22.9%	16.8%			
1 Bedroom	£ 79.45	26.5%	19.1%	26.0%	19.1%			
2 Bedroom	£ 84.54					23.4%	14.5%	
3 Bedroom	£ 98.84						16.9%	14.8%
4+ Bedroom	£108.26						18.6%	16.2%

- 5.7 Studies from various sources provide insight into what might be considered an "affordable" rent, although there is no clear consensus or agreed definition of the term. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability have quoted a figure of 35% of net household income<sup>1</sup> as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income<sup>2</sup>, then more significant affordability issues may arise. GHA's average rents are well below these levels.
- 5.8 The most recent available comparison of RSL rents in Glasgow City from the Scottish Housing Regulator's Annual Return on the Charter ("ARC") published data is shown in the table below:

<sup>1</sup> <https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/>

<sup>2</sup>

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

Table 4: Glasgow RSL average rents + service charges at March 2019 (Source ARC 2018-19)

Glasgow City					
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Whiteinch and Scotstoun Housing Association Ltd	£81.12	£88.00	£95.02	£105.93	£118.08
<b>Cube Housing Association</b>	£65.18	£77.71	£93.71	£101.72	£118.68
Home in Scotland Ltd	£61.65	£76.88	£90.49	£96.64	£102.02
Southside Housing Association Ltd	£64.92	£81.99	£90.45	£100.53	£106.94
Glasgow West Housing Association Ltd	£64.81	£80.45	£88.50	£99.37	£106.93
Govanhill Housing Association Ltd	£70.85	£82.53	£88.15	£101.79	£122.01
Sanctuary Scotland Housing Association Ltd	£60.39	£76.48	£87.98	£96.53	£102.75
<b>Loretto Housing Association</b>		£74.11	£87.26	£91.77	£108.96
Glen Oaks Housing Association Ltd		£80.43	£84.73	£92.14	£114.24
North View Housing Association Ltd		£68.24	£84.68	£94.22	£105.20
Thenue Housing Association Ltd	£65.34	£77.76	£84.03	£96.04	£101.87
North Glasgow Housing Association Ltd	£68.75	£76.71	£83.73	£93.30	£103.69
Partick Housing Association Ltd	£58.54	£74.48	£83.36	£97.07	£104.67
Cadder Housing Association Ltd		£75.55	£82.86	£95.28	£106.84
Thistle Housing Association Ltd		£59.85	£82.67	£91.42	£114.18
Parkhead Housing Association Ltd	£53.64	£66.33	£81.74	£90.29	£112.00
Queens Cross Housing Association Ltd	£68.57	£77.73	£81.45	£90.35	£102.66
New Gorbals Housing Association Ltd	£56.72	£71.00	£81.23	£92.61	£105.43
Yorkhill Housing Association Ltd	£61.66	£71.95	£81.17	£91.82	£89.42
<b>Glasgow Housing Association</b>	£60.90	£74.16	£81.10	£95.19	£103.51
Kendoon Housing Association Ltd		£69.93	£80.22	£89.12	£102.25
Drumchapel Housing Co-operative Ltd		£78.72	£79.42	£93.19	£101.90
Maryhill Housing Association Ltd	£65.13	£75.38	£78.55	£82.79	£91.44
Charing Cross Housing Association Ltd	£65.38	£71.49	£78.06	£86.17	£96.84
Cathcart & District Housing Association Ltd	£59.20	£62.89	£77.29	£87.98	£90.32
Hawthorn Housing Co-operative Ltd		£75.73	£77.18	£84.83	£93.83
Elderpark Housing Association Ltd	£65.50	£69.46	£77.01	£92.87	£110.75
Govan Housing Association Ltd	£69.89	£67.81	£76.05	£86.85	£103.99
Ardenglen Housing Association Ltd	£47.83	£68.80	£75.90	£84.51	£96.21
Lochfield Park Housing Association Ltd		£67.90	£75.15	£84.86	£92.44
Rosehill Housing Co-operative Limited		£66.47	£75.13	£74.37	£79.45
Cassiltoun Housing Association Ltd		£71.31	£74.68	£85.15	£97.60
Lighthouse Housing Association Ltd	£52.49	£63.01	£74.52	£81.60	£100.12
Blochairn Housing Association Ltd		£60.76	£74.41	£82.97	£108.92
Pineview Housing Association Ltd		£64.23	£74.23	£83.65	£92.02
Shettleston Housing Association Ltd	£32.03	£66.52	£74.20	£84.32	£106.32
Craigdale Housing Association Ltd		£68.14	£72.62	£82.17	£85.61
Cernach Housing Association Ltd	£43.39	£61.65	£71.77	£92.80	£90.20
Tollcross Housing Association Ltd		£63.78	£71.74	£86.99	£97.35
Wellhouse Housing Association Ltd		£66.04	£71.68	£80.93	£91.48
Copperworks Housing Association Ltd		£58.15	£71.10	£77.30	£80.30
Calvary Housing Association Ltd	£51.22	£66.94	£71.05	£77.93	£94.06
Kingsridge Cleddans Housing Association Ltd		£64.09	£70.33	£78.22	£86.39
Blairtummock Housing Association Ltd	£42.10	£62.75	£69.58	£80.08	£90.66
Molendinar Park Housing Association		£59.53	£69.38	£95.21	£108.13
Yoker Housing Association Ltd		£61.75	£68.93	£76.80	£90.63
Easthall Park Housing Cooperative Ltd	£40.52	£64.84	£67.30	£81.76	£89.22
Provanhall Housing Association Ltd		£60.45	£66.36	£80.15	£90.03
Reidvale Housing Association		£61.04	£65.20	£72.32	£78.77
Milnbank Housing Association Ltd	£48.92	£55.76	£64.27	£74.76	£79.39
Spire View Housing Association Ltd		£54.40	£61.02	£71.85	£72.65

- 5.9 GHA's average rents compare well with others in Glasgow, particularly given our wider service offering and the prevalence of multi-story flats ("MSFs") with associated expense for 24/7 on-site presence (over 20% of our stock).
- 5.10 While overall satisfaction in our MSFs remains high at over 90%, there are some MSF rents that are higher than the average, due to the legacy of the City Council's previous approach to rent setting where "amenity value" factors were added for different locations in the city. This is part of why our High Rise Living Framework (in October 2019) included a commitment to:

*"explore options for a new rent model so high-rise homes across all sites remain affordable for our customers".*

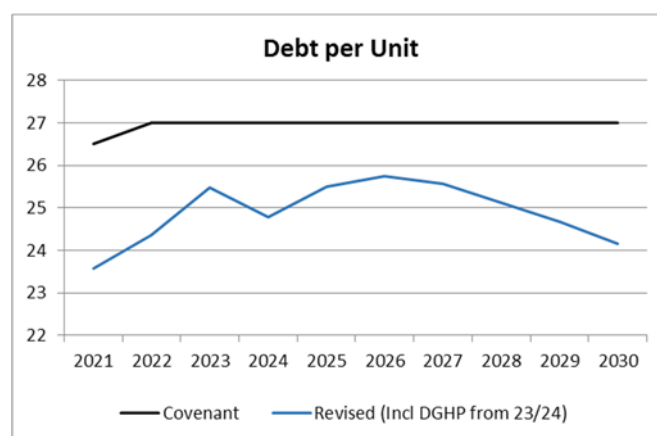
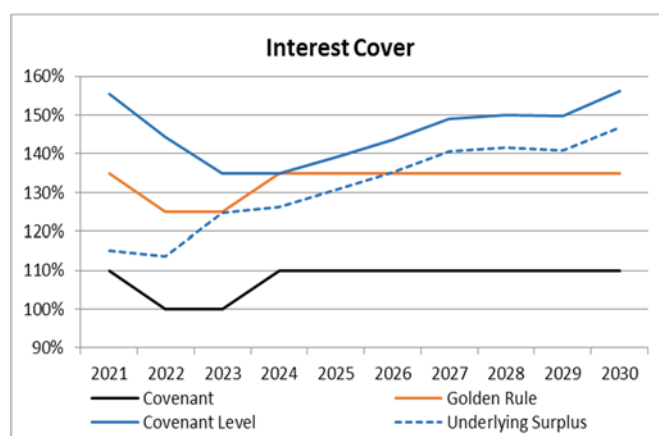
- 5.11 We have therefore reviewed comparative rent levels, demand and tenancy turnover levels and identified 3319 properties in MSFs for which it is proposed to apply a 1% increase in April 2021. A presentation will be provided at the Board meeting to outline further details of these.

### *Consultation process*

- 5.12 This year's consultation will be necessarily more restricted as we work under government restrictions on gatherings. We will not be able to conduct the in-person focus groups that we have held in recent years. Zoom and other on-line platforms are limited in how effectively they allow large groups of tenants to constructively input, for example in group discussions.
- 5.13 We will therefore operate a 'standard' formal written consultation with all tenants from November through to January. It is proposed that to simplify the process this year we will reduce the number of options from 3 to 2. This is on the basis of a consultation booklet, in largely the form used in previous years. A draft of the booklet for the 1.7% general increase is attached at Appendix 1.

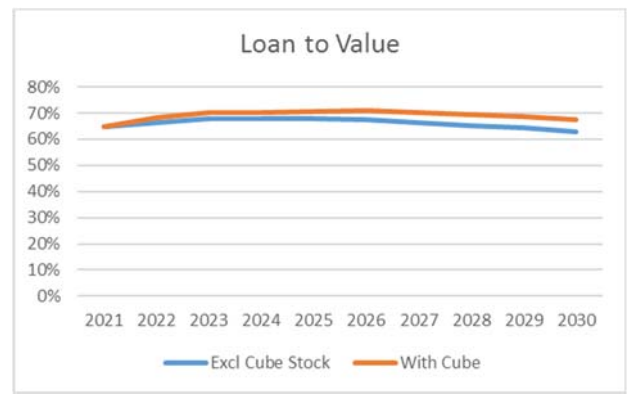
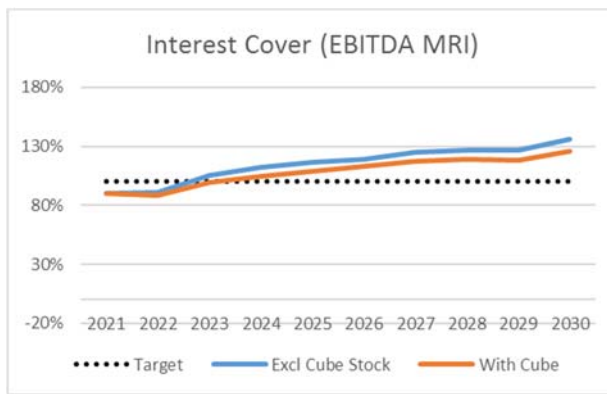
### *Financial viability*

- 5.14 GHA forms part of a borrowing group with other Wheatley RSLs. This means as a Group that we assess the key financial indicators of the RSLs aggregated together. There are two key indicators – debt per unit, which relates to our borrowing capacity, and interest cover, which measures whether our operating surplus covers our interest costs. These are both covenant measures in our loan agreements. Taking the rent proposals in this paper into account, the projected profile on these measures for the RSL Borrower Group is shown below.



- 5.15 The charts show that minimum headroom is maintained in line with our financial Golden Rules of 25% to the interest cover covenant and £50m to the debt per unit limit. The dashed line on the interest cover chart shows the position were all capitalised spend on fixed asset additions (other than off-the-shelf acquisitions of homes) to be included. This is the key measure of underlying break-even, and shows we continue to improve over the life of the new strategy.
- 5.16 Looking at GHA alone, we project a continuing trend of improvement in interest cover when taking account of the rent proposals in this paper. The orange lines in the charts below show that the proposed costs of regeneration earmarked for Cube communities in Glasgow (should Cube tenants vote in favour of transfer) reduces interest cover and increases the loan to value position, but both remain within the financial parameters agreed by the Group Board.





## 6. Key issues and conclusions

- 6.1 The proposed rent increases would be the lowest we have applied in 10 years (other than for stock previously classified for demolition) and reaffirm our strategic priority to utilise financial efficiencies to minimise rental uplifts for tenants. They also reflect our increasingly refined approach to assessing affordability and comparability and, where there is a case for doing so, introducing an element of variation.
- 6.2 In line with our usual practice, general service charges will be increased in line with rents, except where different pricing adjustments are required based on specific service cost changes. Any such differential service charge increases would be subject to specific consultation with tenants.

## 7. Value for money implications

- 7.1. The proposals aim to maximise value for money by further reducing our baseline rent increase as well as responding to properties where satisfaction with value for money is lower.

## 8. Impact on financial projections

- 8.1. As set out above.

## 9. Legal, regulatory and charitable implications

- 9.1. It is a legal requirement under the Housing (Scotland) Act to consult with tenants on any increases to rents or service charges.

## 10. Implementation and deployment

- 10.1. As noted above.

## 11. Partnership implications

- 11.1 As noted above.

## 12. Equalities impact

- 12.1. None noted.

### **13. Recommendations**

13.1 The Board is asked to:

- 1) Agree that we consult tenants in 3319 multi-storey properties on a base rent and service charge increase of 1%, with the option given for 1.5%
- 2) Agree to consult all other tenants on a general rent and service charge increase of 1.7%, with the option given for 2.2%

### **List of Appendices**

Appendix 1 – Draft consultation booklets

# Investing in your community

Have your say on options for next year

Consultation on rent levels 2020/21



Have  
your  
say

# Listening to you, and responding

This year has been a difficult and challenging time for everyone. At GHA, we have been determined to support our communities in every way we can.

When the coronavirus crisis struck in March this year, we responded instantly. We invested significantly in new services to help people in need and in new ways of working that enabled our staff to be there to support tenants and their families 24/7.

Here are just some of the measures we put in place.

- We equipped our housing officers and customer service advisors to work from home, in line with government guidance, enabling them to help tenants every day by phone, text and online.
- Staff have made over 173,000 calls offering help and advice to GHA customers since lockdown began
- EatWell has provided over 28,000 emergency food packages to people in need since the start of the pandemic. A supermarket voucher system, put in place a few months ago, has led to over 1400 vulnerable households receiving £45,000 worth of food to date.
- Our expert welfare benefits advisers have been helping customers with Universal Credit claims and making sure they are getting all the benefits they are entitled to

- Our neighbourhood environmental staff have remained out and about in our communities through the pandemic carrying out fire patrols, cleaning our multi storey flats and removing bulk rubbish
- An emergency response fund was launched in March offering practical help to 2000 customers in need, supplying everything from mobile phone top-ups to microwaves
- We've helped thousands of customers with prepayment meters to access fuel vouchers.
- Home Comforts has provided free upcycled furniture and white goods to over 70 vulnerable households since it re-started in September. If you need help, speak to your housing officer.

Of course government guidelines, and the need to put the safety of tenants and our staff first, meant we could only deliver a restricted range of our normal services. We have since been re-introducing our services, in phases, in line with restrictions and as it is safe to do so.

Despite all the challenges we've faced since March, we were able in 2019/20 to complete upgrades to kitchens, bathrooms and heating systems, and to improve neighbourhoods.

Thanks to all of you who have given us feedback on the services in your community both before and during the pandemic.



We understand from your feedback that you want us to keep investing in homes and neighbourhoods. Many tenants have also told us the repairs service is the most important service for them and we're introducing more improvements to our repairs in the year ahead.

It's by listening to you and understanding what's important, that we're able to invest in your priorities and make sure our services are right for you, whatever life throws our way. Over the next year we'll be introducing new ways for you to engage with us and help shape further the future of services.

We know the pandemic and the challenges it has brought will be with us for some time. We remain committed to supporting our tenants and communities, now and through the uncertainties of the future. This booklet looks at how we can continue providing the services people need while investing in homes and neighbourhoods.

## Proposals for next year's rents

We set out two options for next year's rent levels, explaining how each option would affect the improvements we could carry out in your area as well as the wider services and support to tenants.

## Have your say

Please take time to look at the options on page 8 and have your say on rent levels for 2021/22. You can find out how to give your views on page 11.

## What's inside?

- 4 What tenants tell us
- 5 How your rent was spent last year
- 7 Challenges for the year ahead
- 8 Your choices, have your say
- 9 Supporting you in difficult times
- 11 How to make your voice heard
- 11 What happens next?

# What tenants tell us

At GHA we want to deliver what tenants tell us is important to them. We engage with tenants in lots of ways including through focus groups, local community events, customer panels, surveys, social media and conversations with housing officers.

More recently we have also been engaging with people online, through social media and apps. Through the pandemic we learned this suits many people and we are looking to expand this further in the next year.

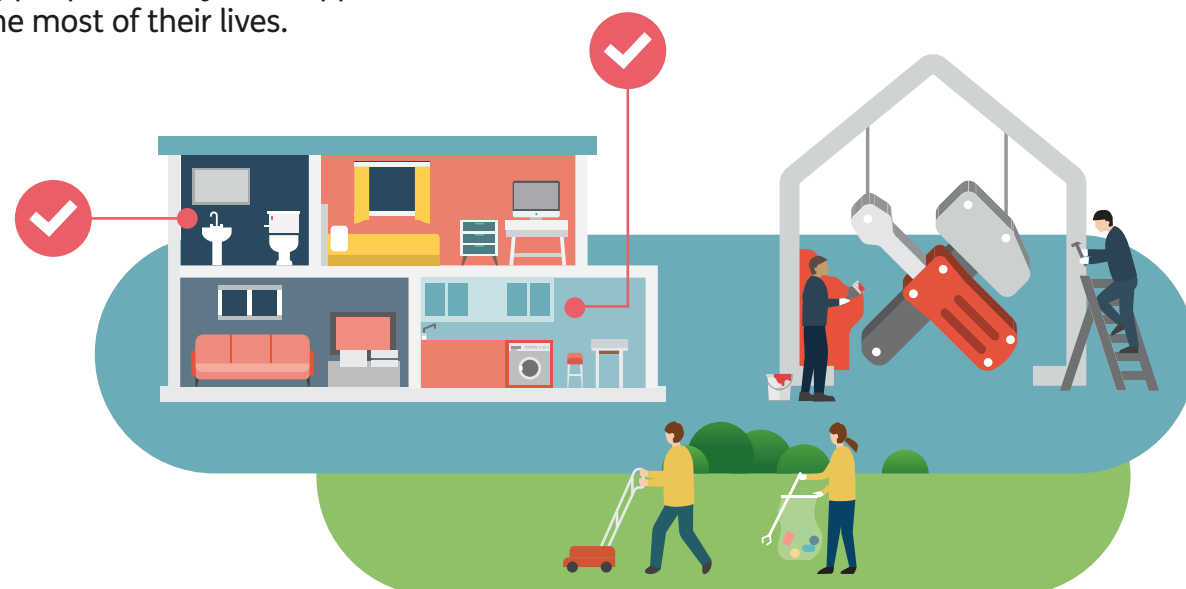
However you engage with us, we listen to all the feedback and use it to shape what we do and the services we deliver.

Many tenants who faced hardship or isolation during lockdown this year have told us that the support we provided was a lifeline for them and we want to make sure we keep supporting people so they have opportunities to make the most of their lives.

Tenants have also consistently told us that:

- GHA should continue with improvements to homes like new kitchens and bathrooms
- we should look at more investment inside homes
- helping communities stay safe is important
- we should continue to work on keeping neighbourhoods clean and tidy
- repairs is the most important service.

We want to keep delivering the improvements you tell us you want.



# How your rent was spent last year

We invested significantly in services to support tenants and families, particularly those facing hardship, those who moved on to Universal Credit and people who were alone and self-isolating.

## Supporting our customers

Tenants tell us they value the range of wraparound services and support we provide. This is particularly true while the challenges of coronavirus and Universal Credit continue to affect our communities. Our services helped tenants:

- with welfare benefits, including those moving on to Universal Credit
- put food on the table
- get furniture for their home
- find jobs and training opportunities.

Last year you helped us deliver a huge range of improvements to homes, neighbourhoods and services. This was in line with what we set out in our five-year plan Investing in our Futures, which was shaped by tenants' views. Here are some of the things delivered last year.

## Improvements to homes

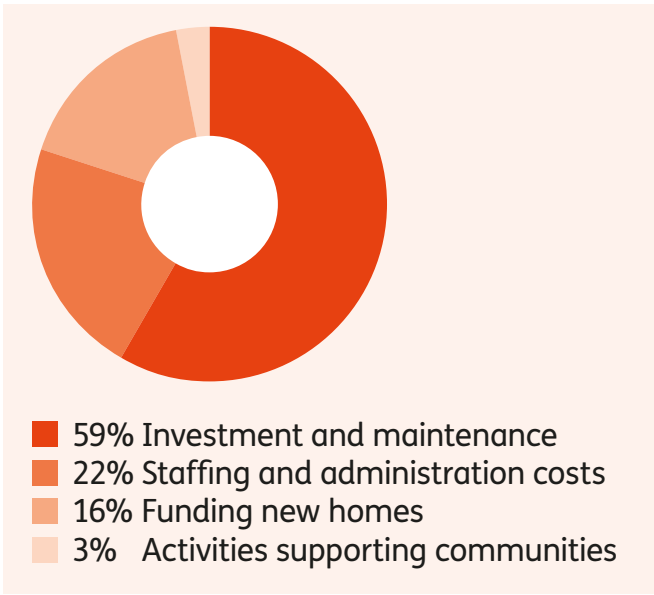
Tenants told us how much they want to see continued investment in homes and communities. We invested £47m in our tenants' homes and communities including new energy efficient heating systems, new windows, new kitchens and bathrooms and new lifts.

## New homes

Tenants told us they wanted to see more affordable homes for rent. GHA built 391 new homes over the year - 269 for social rent, 119 for mid-market rent and 3 for shared equity.



Breakdown of how each pound was spent

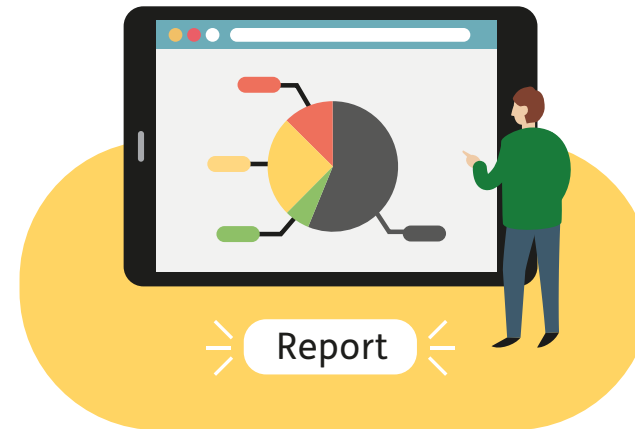


Improving neighbourhoods

Tenants also let us know they wanted us to continue to do more to keep neighbourhoods safe, clean and tidy. Wheatley’s Community Improvement Partnership continued to work with GHA communities to tackle anti-social behaviour, crime and fire safety.

Repairs service

We continued our work to improve our repairs and maintenance service. We were delighted that tenant satisfaction with the service remained at 94% for the third year in a row. We also completed 96% of repairs right first time. We had to introduce a restricted repairs service while we prioritised the safety of our staff and customers during the pandemic. We’re committed to introducing a full repairs service as soon as it’s safe to do so.



# Challenges for the year ahead

The pandemic has had a significant impact on our business, tenants and communities. Like all social landlords we have had to adapt the way we delivered services to take account of the restrictions in place. Our priority has always been the health, safety and wellbeing of tenants and our staff.

We are working hard to return services, such as repairs, investment in homes and new build to full capacity but this will remain a challenge as restrictions remain in place.

The pandemic has had an unprecedented impact on the economy and we know a challenge will be how we support tenants and communities adversely impacted. We will be increasing the level of support available to all tenants and communities that so many tenants have told us during the pandemic they value highly.

We have continued to work hard to reduce costs in recent years with our management costs now lower than the Scottish and UK averages. We have used these savings to allow us to keep the proposed rate of increase as low as possible and this year it is proposed as 1.7%.

How we compare with others

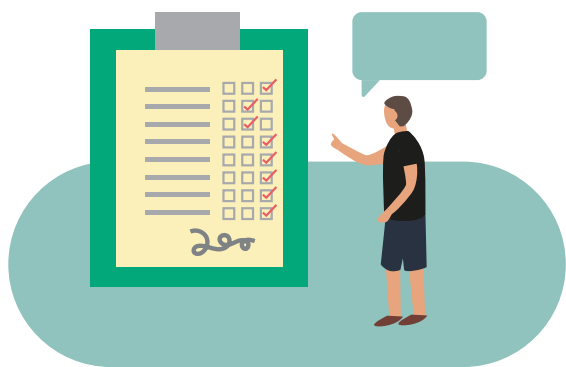
GHA in line with Scottish and other Glasgow landlords.

Customer satisfaction

Customer satisfaction with GHA remains high at 88%.



# Your choices, have your say



Here we set out a number of options for your proposed rent levels together with what these options would mean for services and improvements.

**1. Increase rents by 1.7%**

Increasing rents by 1.7% would mean we could keep delivering all the services we provide to you and your family, carry out all investment work already planned for homes, keep communities clean and safe and provide a range of support for tenants who need it. We would also continue to offer 24/7 customer service and carry out further improvements around fire safety which will be required by law.

**2. Increase rents by 2.2%**

Increasing rents by 2.2% would mean we could keep delivering services and all the investment work already planned. In addition, we would also be able to carry out further improvements to homes and neighbourhoods. These improvements would be based on what tenants tell us are priorities. They could include: new doors new floorboards and skirtings better lighting or paving round homes upgrades to backcourts and bin stores anything else tenants thought was a priority.

**Giving your views**

In the attached survey, you can tell us which option you support and what your priorities for investment would be. The survey also gives you an option to let us know if you don't agree with any of the options. Our Board would take account of this, together with the need to continue delivering services and improvements, before making a final decision on rent levels.

If option 2 went ahead, we would gather tenants' views on their priorities for additional investment. Our Board will listen to that feedback before deciding how the funding is spent.

**£83.51**

GHA average weekly rent

# Supporting you in difficult times

Keeping on top of bills and running a home can be difficult at the best of times.

We understand many people are facing challenges as we continue to live with the impacts of coronavirus. Please be assured we are here to help all tenants save money and support them to keep on top of their rent and other household costs.

Remember **TALK TO US**. The sooner you get in touch, the quicker we can help.

Check out the many ways we can help tenants save money.

**MySavings**

Tenants who sign up for an online account can enjoy savings of up to 10% on everyday shopping bills. Register for MySavings and get money off everything from food and clothes to cinema tickets, gym membership and takeaways.

**Fuel advisors**

Worried about rising gas and electricity prices? Don't stress. Our fuel advice service helps tenants get on to the lowest tariffs, arrange low-cost repayments and, in some cases, get debts written off. Last year tenants across Wheatley Group saved more than £500,000 on their energy bills.

**Home Comforts**

Buying furniture can be expensive. Our Home Comforts scheme helps make a house feel like a home - without spending a penny. In 2019/20, we recycled 780 pieces of unwanted furniture and passed them to tenants across Wheatley Group who needed extra help.

**EatWell**

Struggling to put food on the table? Eat Well supports tenants who face real hardship and who may be forced to turn to food banks. More than 1000 tenants across Wheatley Group got support from Eat Well last year.

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Our welfare benefits advice team have helped tenants across Wheatley Group claim more than £8.6m last year in benefits and tax credits they were due. We can help you too.

**Universal Credit advice**

We help tenants make a Universal Credit claim and offer support until the money comes in. We also help tenants get online, set up an email address, manage money and open a bank account.

**Budget planner**

Do you know how much it costs to run your home? How much is left over after paying rent? Our household budget planner can help.



**Work and training**

Want to apply for work, but struggle to fill in online forms or write a CV? We can help you get ready for work. We also have great training and job opportunities for people of all ages. In 2019/20, Wheatley Group created 788 jobs, apprenticeships and training opportunities.



# How to make your voice heard



You can have a say on rent levels for next year by completing the attached survey. But that's not the only way to make your voice heard.

**You can also:**

- Have a chat with your housing officer with your feedback
- Email us at [talk@gha.org.uk](mailto:talk@gha.org.uk) or
- Call us on **0800 479 7979**.

**What happens next?**

We will collect all the views from the survey and other conversations with tenants.

The GHA Board will consider all the feedback before making a final decision on rent levels for 2021/22.

We will let you know the results of the consultation and the final decisions made about spending priorities and rent levels on our website [www.gha.org.uk](http://www.gha.org.uk). We'll also report on the progress of the work carried out through the year.

**We will let you know what your new rent for 2021/22 will be by letter. Your new rent will be due from April 2021 onwards.**

Wheatley Group, Wheatley House,  
25 Cochrane Street, Glasgow, G1 1HL  
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# Investing in your community

Have your say on options for next year

Consultation on rent levels 2020/21



Have  
your  
say

# Listening to you, and responding

This year has been a difficult and challenging time for everyone. At GHA, we have been determined to support our communities in every way we can.

When the coronavirus crisis struck in March this year, we responded instantly. We invested significantly in new services to help people in need and in new ways of working that enabled our staff to be there to support tenants and their families 24/7.

Here are just some of the measures we put in place.

- We equipped our housing officers and customer service advisors to work from home, in line with government guidance, enabling them to help tenants every day by phone, text and online.
- Staff have made over 173,000 calls offering help and advice to GHA customers since lockdown began
- EatWell has provided over 28,000 emergency food packages to people in need since the start of the pandemic. A supermarket voucher system, put in place a few months ago, has led to over 1400 vulnerable households receiving £45,000 worth of food to date.
- Our expert welfare benefits advisers have been helping customers with Universal Credit claims and making sure they are getting all the benefits they are entitled to

- Our neighbourhood environmental staff have remained out and about in our communities through the pandemic carrying out fire patrols, cleaning our multi storey flats and removing bulk rubbish
- An emergency response fund was launched in March offering practical help to 2000 customers in need, supplying everything from mobile phone top-ups to microwaves
- We've helped thousands of customers with prepayment meters to access fuel vouchers.
- Home Comforts has provided free upcycled furniture and white goods to over 70 vulnerable households since it re-started in September. If you need help, speak to your housing officer.

Of course government guidelines, and the need to put the safety of tenants and our staff first, meant we could only deliver a restricted range of our normal services. We have since been re-introducing our services, in phases, in line with restrictions and as it is safe to do so.

Despite all the challenges we've faced since March, we were able in 2019/20 to complete upgrades to kitchens, bathrooms and heating systems, and to improve neighbourhoods.

Thanks to all of you who have given us feedback on the services in your community both before and during the pandemic.



We understand from your feedback that you want us to keep investing in homes and neighbourhoods. Many tenants have also told us the repairs service is the most important service for them and we're introducing more improvements to our repairs in the year ahead.

It's by listening to you and understanding what's important, that we're able to invest in your priorities and make sure our services are right for you, whatever life throws our way. Over the next year we'll be introducing new ways for you to engage with us and help shape further the future of services.

We know the pandemic and the challenges it has brought will be with us for some time. We remain committed to supporting our tenants and communities, now and through the uncertainties of the future. This booklet looks at how we can continue providing the services people need while investing in homes and neighbourhoods.

## Proposals for next year's rents

We set out two options for your rent levels for next year, explaining how each option would affect the improvements we could carry out in your area as well as the wider services and support to tenants.

## Have your say

Please take time to look at the options on page 8 and have your say on rent levels for 2021/22. You can find out how to give your views on page 11.

## What's inside?

- 4 What tenants tell us
- 5 How your rent was spent last year
- 7 Challenges for the year ahead
- 8 Your choices, have your say
- 9 Supporting you in difficult times
- 11 How to make your voice heard
- 11 What happens next?

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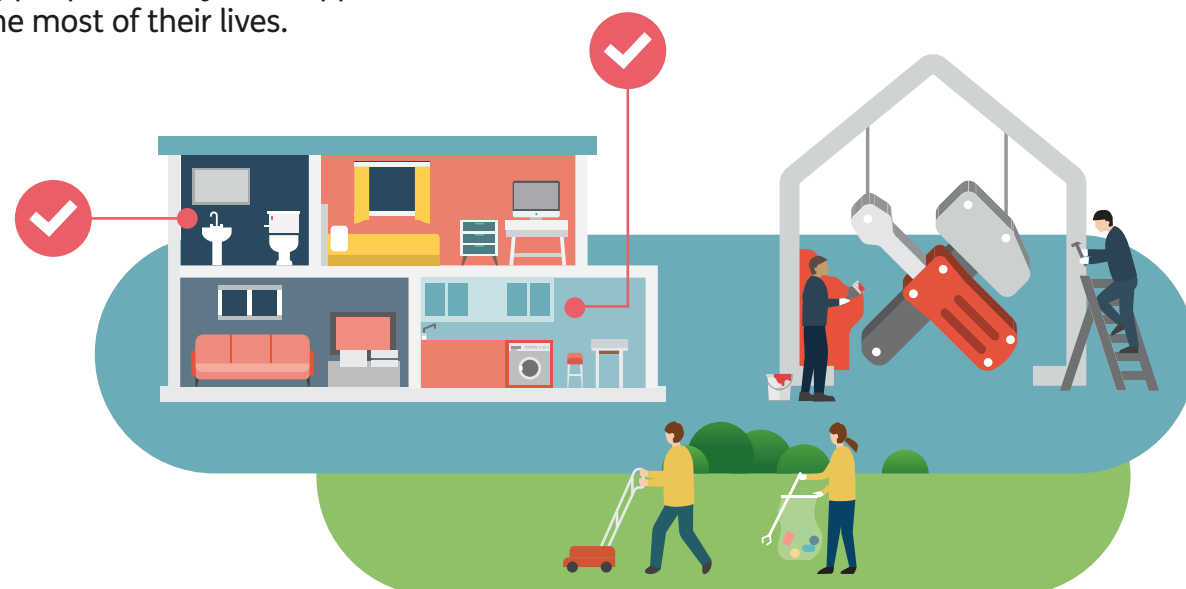
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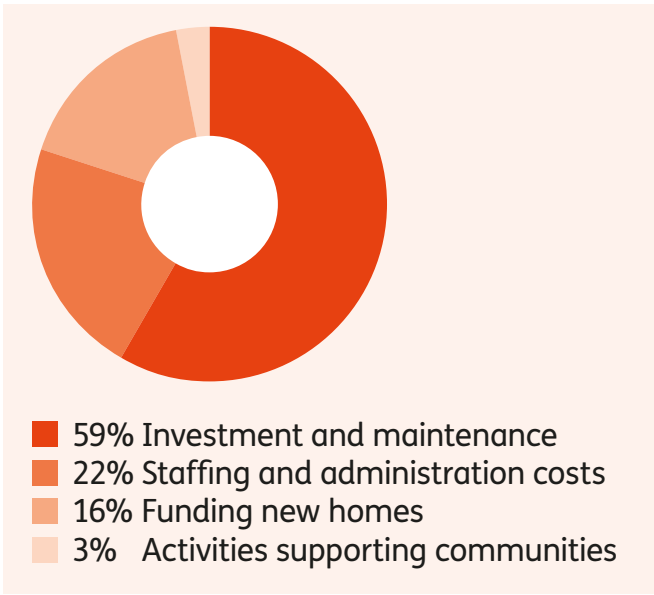
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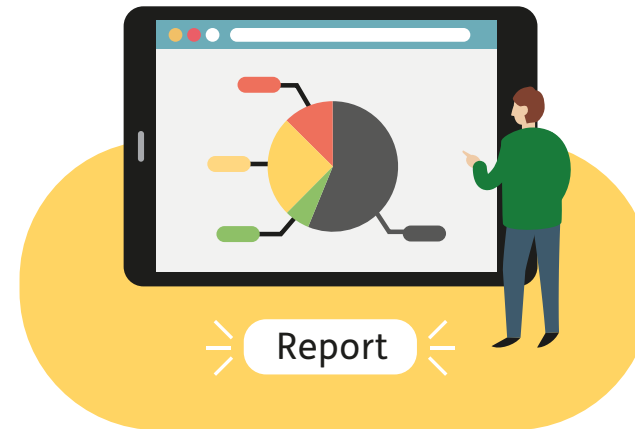


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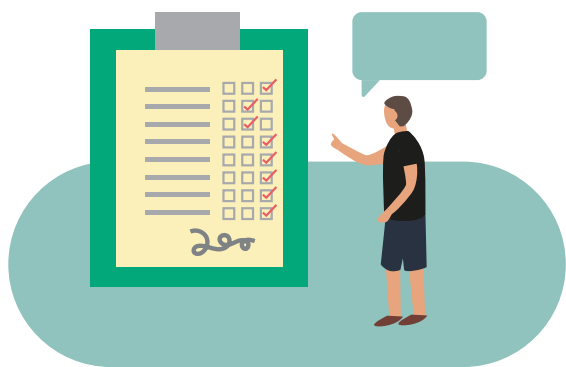
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88%

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**2. Increase rents by 1.5%**

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The GHA Board will consider all the feedback before making a final decision on rent levels for 2021/22.

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Wheatley Group, Wheatley House,  
25 Cochrane Street, Glasgow, G1 1HL  
[www.wheatley-group.com](http://www.wheatley-group.com)





## Report

**To:** GHA Board

**By:** Jehan Weerasinghe, Managing Director

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Business update

**Date:** 6 November 2020

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### 1. Purpose

- 1.1 To provide an update on our response to the impact of the current Coronavirus crisis on our services, partner organisations, their tenants and communities.

### 2. Authorising context

- 2.1 The activities addressed in this report are principally of an operational nature, and are therefore delegated to the Group CEO under the Group Standing Orders. The Board has been kept regularly apprised of our progress through email updates.

### 3. Risk appetite and assessment

- 3.1 The unprecedented nature of the current situation raises risks in a number of key areas. These include:
- i. *Customers* - risks that our customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current government measures causing other effects such as hunger, isolation and mental and physical health problems
  - ii. *Staff* - risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively
  - iii. *Financial viability* - risks to our financial position, such as increasing rent arrears and reduced cash flow

- 3.2 These areas and the steps we continue to take to mitigate the risks are addressed below.

### 4. Background

- 4.1 This report provides a further update to Board members on our contingency operations to support both essential business and the new issues faced by our customers. It outlines our current remobilisation status across key customer facing areas.

- 4.2 Remobilising in the face of a pandemic continues to be challenging. As Covid cases rise and restrictions change regularly we have to be extremely agile in amending and delivering our ongoing services, restarting those which have stopped and creating new delivery models at pace. As we change our approach we are ensuring robust communication with our staff and customers who need to understand what we are doing, why and to be reassured that our processes keep them safe. Despite these challenges we have continued to deliver our remobilisation plans and meet the targets we have set for these.

## 5. Discussion

- 5.1 Throughout the pandemic we have continued to provide essential services to our customers. Over the summer we have steadily scaled up the provision of services as restrictions have allowed. In the last few weeks, restrictions have begun to increase in Glasgow as numbers of cases rise. Our remobilisation plans reflect these changes and are deliberately agile to respond to new changes as and when they happen.

- 5.2 This report covers a number of key services including letting, rental income, homelessness, care, repairs services and our environmental services.

### *Letting*

- 5.3 We recommenced phase 2 of our lettings plan on 23 August, one week earlier than we had originally anticipated would be possible. Phase 2 involves letting homes which do not have major repairs, including those which have been vacant through lockdown, which are being returned from lease arrangements with local authorities and those which have recently become void. It also includes managing letting of homes which were on offer prior to lockdown but had not yet been let. In addition to completing moves for households who had their offer put on hold during lockdown we are focusing on lets to homeless households and other priority groups.

- 5.4 As part of our remobilisation we have committed to the following actions:

- Gradually reducing the level of additional stock leased to GCC now at 379 units, down from 450 units at the peak;
- To provide 300 Housing First tenancies across Group by 2021 (currently 107 in GHA have been provided); and
- To “flip” 150 temporary furnished flats to permanent tenancies by March 2021 across Group – 21 tenancies have already been flipped.

- 5.5 We have let 1, homes in the year to date, the vast majority since the start of phase 2 of our letting in August. At that point 900 properties available to let whereas we normally have just over 600 properties vacant at any one time. Our in month letting rate in September was 25% higher than in the previous year. This has allowed us to let homes that are now being given up as well as reduce the level of outstanding voids. The graph below shows the impact this has made in reducing voids to a normal level.



- 5.6 The rapid progress in reducing the number of voids has been the result of a highly integrated approach between allocations staff, housing teams and City Building. This has involved prioritising repairs to maximise efficiency, ensuring safe working patterns for staff and rapid turnaround of properties leased to local authorities now being passed to those who were offered them prior to lockdown. Although letting had to be paused briefly when new restrictions were imposed in Glasgow, clarification from the Scottish Government allowed us to restart the process quickly and catch up with progress.
- 5.7 The next area of focus is on properties which have major repairs. These include extensive rot works and major structural works. These repairs are more challenging to do in a Covid-19 environment where the workforce has to be safely socially distanced. These are now subject to individual assessment to identify when repairs can safely be carried out. We have already been able to start work on some of these properties.

#### *Rental income*

- 5.8 Maintaining our rental income so that we can continue to provide services, alongside supporting our customers to be able to pay their rent have been key priorities through the pandemic. Housing officers continue to successfully operate our virtual model of support through telephone and digital contact. They have quickly integrated this with our home visit teams to maximise the impact of these visits. This contact has enabled us to provide support and advice to customers at the point they need it most. It has been backed up by easy digital methods to pay which avoid unnecessary contact, with housing officers again providing support to help customers through the process.
- Although arrears increased in the first quarter of the year, they have begun to reduce in the last period.
  - GHA had a significant reduction in period 7 of 0.45% and have reduced to 4.82%, a value reduction of £779k. This is an increase of 0.01% since the end of the financial year and 0.43% since this time last year.

ST Breakdown % by RSL					
		Sept/p7 19/20	Mar/p13 19/20	Aug/p6 20/21	Sept/p7 20/21
GHA	Gross Rent Arrears % (..	4.65%	4.81%	5.27%	4.82%
	ST Arrears of OGD %	3.27%	3.38%	3.83%	3.38%
	Non-UC Arrears of OGD..	2.57%	2.43%	2.60%	2.49%
	UC Arrears of OGD %	0.70%	0.95%	1.23%	0.89%
	Gross Rent Arrears % (..	4.90%	5.24%	5.18%	5.34%

- 5.9 Changes to furlough arrangements and further restrictions in the hospitality industry mean the financial position for many of our tenants will remain uncertain. However, the results we have been able to achieve in the first quarter give us confidence that we have the tools in place to maximise both our tenant's income and their payments to us.
- 5.10 Phase 1 of our rental remobilisation is now complete. This included the successful creation of teams to undertake face-to-face visits and a particular focus on supporting customers on furlough and at risk of unemployment. 3,388 face-to-face visits have been conducted to support customers with arrears. Close to 1,000 of our customers who had been furloughed have been contacted and provided with support and advice. We are strengthening our links with the Scottish Government PACE (Partnership Action for Continuing Employment) network to further help support our customers.
- 5.11 Housing Officers have clear visibility of the remaining 159 customers affected by furlough and will continue to monitor the situation. Welfare benefits advice, support with Universal Credit claims and the full range of wrap around services will be available to these customers if they need it. Our close contact with them means that this assistance can be provided early, before arrears grow too high. We will undertake a similar process in January when the end of the Job Retention Scheme may see a further spike in unemployment.
- 5.12 Phase 2 commenced at the beginning of October. Following the Government's acceptance of the Homeless and Rough Sleeping Action Group's recommendations we now know that the 6-month notice period for Notice of Proceedings and evictions has been extended to 31 March 2021. We have therefore developed a revised escalation process with a new set of escalation letters. This includes the potential to escalate to Notice of Proceedings where we are satisfied that the household 'won't pay' rather than 'can't pay'. This will only be done following a review of each individual case, including an assessment of any covid-19 impact and any potential vulnerabilities
- 5.13 We have a small number of 'won't pay' cases that were issued a Notice of Proceedings in March that have continued to increase. Where appropriate, we will raise Court Action for these cases. We will also review our cases currently sisted at Court and for 'won't pay' cases that have significant and increasing arrears. In these cases, we will consider recalling the case to seek Decree. The use of bank and wage arrestment is a new part of our approach as outlined to the Board previously and this process is now underway.
- 5.14 There have been many positive examples of how we have supported customers to ensure they receive all the income they should be entitled to, sometimes involving extensive work by our teams across a range of other organisations. The following case studies give an example of the work done:
- A Welfare Benefits Advisor had been working with a customer to appeal to get the additional Limited Capability for Work Element added to her UC claim. She was extremely anxious and was in serial abusive relationships so was unable to cope with the formality of the court system. The appeal and supporting information provided by our advisor was sufficient for the Tribunal to make their decision without having to speak to her. This gave the customer an extra £341 per month. This was backdated to May 2019.

- A resident of one of our temporary accommodation units who had moved onto a resettlement flat was supported with a Personal Independence Payment (PIP) appeal. The customer's enhanced rates had been reduced on review. One of our advisors was able to submit a mandatory reconsideration on behalf of the customer. The evidence submitted meant the tribunal panel did not ask the customer any questions and advised that they were reinstating her previous award with a backdate of over £2,000 and an ongoing increase in weekly income of £68.
- 5.15 We will have clear messaging for customers, stakeholders and staff around our escalation processes. This will make it clear that only customers who repeatedly will not pay rent, have defaulted on an agreed repayment plan and repeatedly failed to engage with us would receive a letter about further action being taken. We will not evict anyone who falls into difficulty as a result of the impact of Covid-19. However, it is important that those who purposely avoid paying their rent understand they are in breach of their tenancy conditions and the consequences of this. We need customers to get in touch with us as quickly as they can so that we can help before the issue gets less manageable.
- 5.16 Further actions include our rent campaign which will this year be tailored to the particular issues around Covid-19; further enhancements to web self-service to allow secure messaging by digital means; and work to help our staff maintain their focus on income including refreshed toolkits, visual measure boards and video messaging.

### *Homelessness*

- 5.17 We continue to prioritise lets to homeless households as part of our letting remobilisation. In the year to date more than 60% of lettings have gone to homeless households. This figure will rise over the coming months as some of our initial lettings had been offered to households prior to lockdown and so could not be offered to homeless households.
- 5.18 The level of referrals in Glasgow had been rising steadily during lockdown due to the suspension of letting. At the peak, we had almost 1,600 referrals for housing compared to a normal level of just under 1,000. The return to letting and the priority given to homeless households has now begun to reduce this with 1,400 referrals outstanding at the end of September. In addition, our Homelessness and Allocations Team are working with Glasgow City Council to directly match some of the longest standing referrals to suitable homes. This helps speed up timescales and support the households through the process. This has also halved the number of refusals we receive.
- 5.19 We have created 116 Housing First tenancies so far with another 11 in the process of being matched to suitable accommodation.
- 5.20 We are currently working on the long term homelessness framework for the Group. This will have a strong focus on preventing homelessness from happening. It will also focus on the support homeless households need to settle into and become part of communities as well as the support communities need to ensure they remaining welcoming and supportive to new neighbours.



- 5.21 Accidental dwelling fires have reduced after an increase during lockdown. This increase was seen nationally by the Scottish Fire and Rescue Service and was largely attributable to people spending more time at home. Our Fire Safety Team returned to home visits at the end of June as part of phase 2 of their remobilisation. They have been able to visit over 100 high priority customers and to take referrals from housing officers.
- 5.22 Close cleaning services resumed at the end of September. The teams are working through closes on a priority basis. Subsidiaries have already seen an increase in positive feedback from customers who are relieved to have this service back. We have developed a pilot scheme in North East Glasgow which provides a more intensive deep clean for closes every two weeks and also provides maintenance of front gardens. This has been well received and will be evaluated to assess whether the pilot should be extended.
- 5.23 3,688 anti-social behaviour cases have been recorded on our Streetwise system in the year to date. This is more than double the level for the same period last year. Almost 80% of these cases relate to low level noise and neighbour disturbance that could directly be related to lockdown circumstances. Police Scotland have also noted an increase of notifications in relation to Wheatley estates in the same time frame.
- 5.24 We have continued to support people through our adapted service model which uses telephone and digital methods of contact wherever possible. This is supplemented by the use of home visits where these are essential. In all we have provided advice, guidance and support to close to 3,000 customers. While it was generally not possible to fully resolve cases during lockdown they have now all been revisited by housing officers and anti-social behaviour intervention and prevention officers and appropriate investigations have been undertaken.
- 5.25 In response to the significant rise in noise nuisance complaints, our Community Improvement Partnership police team has identified the top 10 repeat perpetrators across Group and undertaken targeted interventions. This approach has already led to two successful arrests with cases being reported to the Procurator Fiscal.
- 5.26 The Scottish Government has recently indicated that it may review the timescales for evictions in anti-social behaviour cases (these were extended at the start of the Covid-19 outbreak) with a view to returning them to the pre-Covid arrangements. We will keep this under review.
- 5.27 Wheatley are partners in a new pilot of smart doorbells in South Glasgow run by Police Scotland. These are being offered to high risk victims of domestic abuse where there are conditions in place that a perpetrator should not approach or communicate with a victim. The smart doorbell will help them to feel more safe and secure and also monitor for any breaches of bail.

## *Customer support*

- 5.28 In addition to our core services we continue to provide support to our customers through our wraparound services and through our specific provision during Covid. Although our housing officers continue to be based primarily from home our home visit teams have made 5,598 doorstep calls for a range of issues. In almost 3,500 of these successful contact has been made and often additional issues are identified.
- 5.29 Our furnishing service restarted at the end of September and has already supported a number of Housing First customers to settle in their new home. The Eatwell service also continues but is now averaging less than 100 deliveries a week compared to a peak of approximately 3,000 during lockdown. The service now also provides the option of vouchers for customers which gives them more choice and is also more efficient for the Group. Since lockdown we have distributed 15,503 Eatwell parcels to GHA customers.
- 5.30 Our Wheatley emergency fund continues to help customers in crisis situations. As with Eatwell, numbers are reduced but the help we are able to give is often crucial to the receiving households. Housing officers are also often crucial in picking up where households are struggling and in marshalling the right services to support them. A recent example was:
- During a routine call with his housing officer, one of our customers explained that his cooker had been damaged and he was relying on microwave meals as he did not have the funds to replace it. Our Housing Officer was able to source a cooker for him and the customer emailed into GHA to advise 'you have a first-class member of staff'.

## *Repairs, Investment and Compliance*

- 5.31 We have continued to provide our repairs service through lockdown, focused initially on emergency repairs and then extending this to include safety first repairs as lockdown eased and operating procedures were developed. More recently there has been a gradual increase in the volume of repairs carried out as we have looked to address works our customers consider essential. At present, non-emergency repairs show a reduction on last year of 66% and emergency repairs carried out have increased by 14%.
- 5.32 Over the coming months we will continue to remobilise our service further as we move towards a full repairs service, albeit with some exclusions when it is not safe to carry out the repair works. For example, when multiple trades are in the customer's home, with the customer for a prolonged period of time. An inevitable consequence of being unable to provide a full service safely in the first half of the year, is that there is a backlog of works such as roofing, drainage, medical adaptations and customer requests. These will be project managed in a co-ordinated way, similar to the approach used in addressing the void backlog, whilst we move towards a full business as usual service.
- 5.33 For GHA we are initiating a new landlord assurance procedure with City Building to improve service levels and we will also introduce a new process for technical assistance allowing us to focus our resource more accurately and to help manage the expected spike in demand.

- 5.34 Having addressed the backlog of voids built up as a result of the pandemic, this aspect of the service is now operating as usual, albeit with some limitations centring on material availability, social distancing restrictions and trade operatives returning from furlough.
- 5.35 Our Cyclical Maintenance programme is being reintroduced from October as planned. Our focus is on mainly external work that can be done whilst maintaining social distancing measures. All cyclical projects will either be pre-emptive works which will prolong the life of our assets or work required under legislation.
- 5.36 Gas Servicing has successfully been running at full capacity for the past 5 months and some investment compliance works (Smoke and Heat Detector Programme, Emergency Lighting and Periodic Electrical Inspections) have been in place since the end of September. The Group prioritised our landlord responsibility to reduce the backlog of expired gas servicing certificates that arose during the COVID-19 pandemic. As of early September 2020, we have been in a 100% compliant position with no expired gas certificates across all Group subsidiaries. The focus has now moved to building in an element of contingency into the gas process as we transition back to our business as usual position. Our central call-out team and housing visit teams are continuing to arrange access and support customers across all subsidiaries through the various restrictions that remain in place as a result of COVID-19.
- 5.37 Our external investment programme in the Glasgow will recommence this month. Our internal works programme will commence in January 2021 with project development for this work recommencing in November.
- 5.38 We have undertaken a review of the way in which we engage with customers for investment in recognition of the potential for apprehension amongst customers in allowing tradespeople into their home for prolonged periods of time, particularly for internal works such as the installation of kitchens, bathroom and windows. A new five step engagement process has been developed with a focus on providing our customers with assurance around the robustness of our approach to health & safety, with detailed safety information and FAQs provided to each customer as part of the project notification packs. Our asset staff will also contact each customer to answer any further queries they may have about the work and to seek a 'customer commitment' to allow the work to proceed. This process will ensure that our customers are fully informed in advance of the work and will help to reduce the rate of no access or refusals.
- 5.39 Medical adaptations were already being undertaken where there was an urgent requirement to assist in hospital discharge. This month we are resuming work on all medical adaptations. Cases will be prioritised based on both need and risk. There will be detailed engagement with customers to ensure that they understand the process for the repair and the procedures we will follow to keep them safe. This will include the options they may have to help with safety, for example staying or visiting somewhere else while the work is carried out if that is suitable. Some customers may still choose to delay their works at this time but we anticipate that most will want the work done given the improvement it is likely to make to their lives.

5.40 Our Ignite Graduate Programme has again injected a new wave of graduate talent into Wheatley this year with 9 graduates joining us in GHA. Our recruitment campaign for 2020 improved on the success of the previous year with a more than 200% increase in applications this year. This has been supported by our partnership working with universities, and our presence at graduate career fairs to position Wheatley Group as an employer of choice, and importantly, housing as a desirable career choice.

5.41 In total, 323 candidates applied in 2020: 124 for a housing role only, 57 for a business role only and, 142 candidates who applied for both positions. Our rigorous selection process was recreated to include our first ever virtual assessment centres including panel interviews with managing directors and candidates presenting to the Executive Team. The successful appointments will join us on Wednesday 28<sup>th</sup> October 2020. Our new cohort follows in the successful footsteps of our 2019 cohort, where all of our housing trainees moved into promoted housing officer posts within the first 6 months.

## **6. Value for money implications**

6.1 We continue to work to provide value for money to our customers; prioritising their needs within the constraints of the limitations on staff movement imposed on us.

## **7. Impact on financial projections**

7.1 Set out above. These will continue to be updated as the situation persists over the coming weeks and months.

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

8.1 We have maintained regular dialogue with the Scottish Housing Regulator over recent weeks, and they have appreciated our role, for example, in the housing sector National Resilience Group along with Scottish Government and local authority representatives, and our offer of support to smaller RSLs who may be unable to effectively deliver services in the current conditions.

## **9. Partnership implications**

9.1 We continue to utilise our strong relationships with Scottish Government, local authorities and national agencies to support delivery during the crisis but also to influence planning to the benefit of our customers and services. Each of our Subsidiaries works closely at a local level with third sector organisations to benefit local communities.

## **10. Implementation and deployment**

10.1 Co-ordination of all Group activity continues to be led by the Group CEO and Executive Team.

## **11. Equalities impact**

11.1 None noted.

## **12. Recommendation**

12.1 The Board is asked to note this update.



## Report

**To:** GHA Board

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

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Building Compliance Update

**Date of Meeting:** 6 November 2020

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### **1. Purpose**

- 1.1 To update the Board on our building compliance work streams in the current COVID-19 pandemic and on our remobilisation plans.

### **2. Authorising Context**

- 2.1 Under the Group Authorise/Manage/Monitor matrix, the Board is responsible for the on-going monitoring and scrutiny of our compliance with relevant legislation and regulation. This report provides the Board with an operational update and detail of actions which will be undertaken as soon as practically possible, given the on-going COVID-19 pandemic.

### **3. Risk Appetite and Assessment**

- 3.1 The organisation's risk appetite relating to building compliance work streams is minimal" i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.
- 3.2 Risks relating to repairs and maintenance are set out in the GHA risk register. In addition, compliance, such as for gas servicing, is embedded in the Scottish Housing Regulator's reporting requirements.

### **4. Background**

- 4.1 Our compliance works programmes includes gas servicing, TMVs, water management including legionella prevention and investment works such as smoke and heat detector upgrades and emergency lighting installations within MSFs.
- 4.2 Landlords have a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.
- 4.3 Landlords also have obligations under legislation or approved codes of practice for a variety of building maintenance and inspection activities related to firefighting equipment (risers/sprinklers), lifting equipment, alarm systems etc.

- 4.4 The national response to COVID-19, and in particular the need to minimise contact with others out with your household and for some customers to ‘shield’ has impacted business as usual approaches to compliance works. At the start of lockdown, we introduced a life and limb repairs service and restricted our compliance works to critical services and planned preventative maintenance that could be undertaken within landlord controlled areas of premises.
- 4.5 The Health and Safety Executive (“HSE”) updated guidance to social landlords on gas servicing on 8 April 2020 and included criteria which must be evidenced should a landlord be unable to undertake gas servicing within appropriate timescales. Since lockdown, we have developed and introduced an interim gas servicing process. This process reflects the updated HSE guidance and allows us to complete gas services where access is allowed and it is safe for operatives to enter a customer’s home.
- 4.6 The status of our other compliance work programmes is shown below.

Work Stream	Covid Impact	Recommencement Date
TMV maintenance and Installation	Ceased	October ‘20
Smoke and Heat Detector Upgrades	Ceased	September ‘20
Emergency Lighting Installations	Ceased	September ‘20
MSF Window and Door Inspections	No impact, as profiled to commence in December 2020	December ‘20
Lift Insurance Inspections	As Normal	
Proactive Lift Maintenance	Changed from Monthly Servicing to Bi-Monthly Servicing	Monthly Servicing to Resumed October ‘20
Mechanical and Electrical Works	Statutory Compliance works proceeding within common areas and landlord controlled areas	Works within customers’ homes recommenced in October ‘20

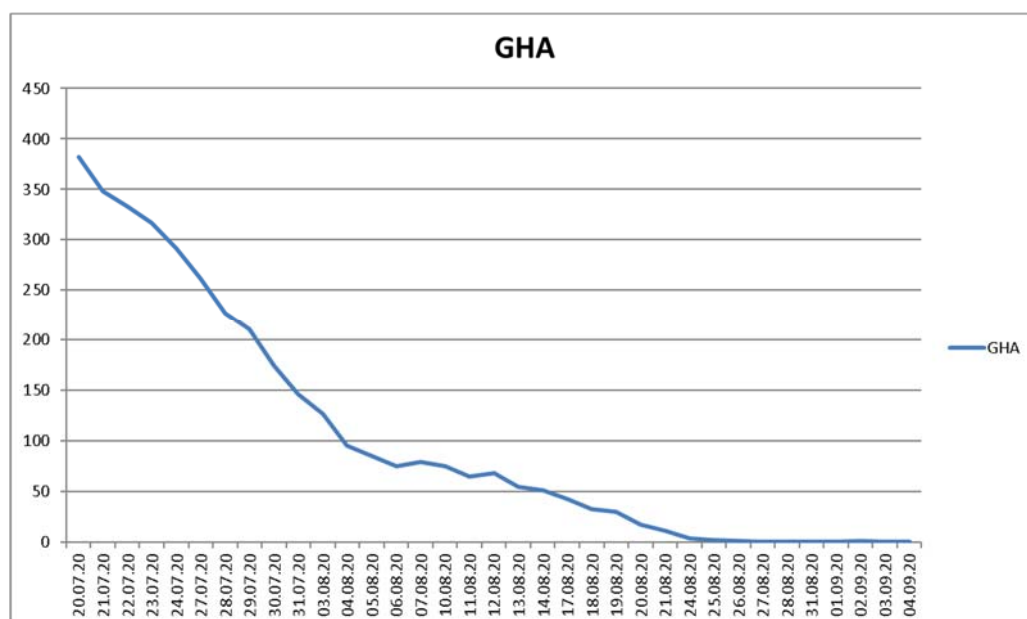
## 5. Discussion

### Gas Safety

- 5.1 The measures to reduce the spread of COVID-19 in the early phases of lockdown had a significant adverse impact on our gas safety performance. Historically, each RSL in the group and Lowther Homes have had 100% gas safety compliance (i.e. no outstanding CP12s) and our service has been recognised nationally including through City Building Glasgow winning Gas Contractor of the year on two separate occasions. Achieving this compliance requires an annual inspection of every property with gas – which equates to on average 144 inspections each day.



- 5.2 Our ability to undertake gas safety inspections between April to June was severely compromised because of the measures that were required to ensure customer and staff safety. This included moving from a more automated appointment based process to one where we explicitly asked permission to enter a customer's home. As might be expected, nervousness as the pandemic spread meant many customers were reluctant to give permission. The number of properties across GHA that had not had their annual inspections peaked on 3 July 2020 at 567 homes. In each case, the customer wish and our attempt to gain access were recorded in line with revised HSE guidance.
- 5.3 In May 2020, in response to customer nervousness and in recognition of the need for more proactive engagement to ensure access for gas servicing, we changed our gas service process. The key change was the introduction of high intensity outbound calling from the customer service centre – which was now working virtually - using a newly created compliance team made up of staff from across the Group. This ensured we were able to engage with customers 24/7 every day, and therefore facilitate essential contact both in and out of regular office hours
- 5.4 The early focus of this new approach was on CP12s certificates that had expired in April and May, or were due to expire in June. The approach had instant results with City Building Glasgow reporting access rates for gas servicing reaching 89% at first visit compared to around 74% after two appointments, pre-pandemic. This approach has continued with the customer service centre making over 16,000 outbound calls to customers, so far.
- 5.5 In early July, as lockdown restrictions eased, our approach to proactively engaging customers was enhanced further through Housing Visit Teams. Staff from these teams have been visiting customers who were proving challenging to engage with to provide further reassurance in an attempt to facilitate access to their homes. Having these teams has also helped with the forced access process for those customers who, despite repeated attempts, have not engaged and allowed access.



- 5.6 As of 1st September 2020, GHA had 0 failed CP12s and 100% compliance. GHA has maintained 0 fails since reaching that level in September.

- 5.7 To ensure continued progress and resilience to any ‘second spike’ we will continue with proactive customer engagement to at least March 21, and have moved our gas servicing cycle to 9 months (rather than the 10 months currently). This will maximise servicing in the months before winter.

### **Legionella prevention and water management**

- 5.8 Legionella testing is part of our overall water management strategy and is a year round programme. There were some delays in commencement/progress earlier in the year as adjustments were made during the early COVID lockdown, although we anticipate catching this up and all required works being complete this financial year. The focus since lockdown has been on communal tanks rather than individual outlets within customers’ homes.
- 5.9 Our testing regime varies on a site by site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include visual inspections of the tanks, 2 yearly risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.
- 5.10 The table below provides details of progress against the annual programme.

	Inspections completed so far	Total Inspections/Assessments Required	Percentage completion
<b>GHA</b>	430	651	66%

### **TMV Servicing**

- 5.11 The table below provides the total number of households within this programme in GHA.

	Qualifying Households
<b>GHA</b>	6,875

- 5.12 Prior to COVID-19, this work was planned to run all year. However, in line with our agreed remobilisation plan, there was a 7-month delay in starting these works. This delay reflects the need for social distancing, the intrusive nature of these works, the potentially vulnerable customer groups within qualifying households (e.g. those containing under 5s or over 75s and Livingwell sites), and likely reluctance among some customers.
- 5.13 We currently expect to achieve around 25% of our original full programme this year, with the remainder next. To mitigate some of the impact, we have issued personal communication to each household offering advice and assistance as part of our stay safe approach. We have also advised they contact us should they require a repair or a check on their hot water, so we can prioritise any required work.

## **Smoke and Heat Detectors**

- 5.14 This programme was originally planned to run for the full financial year. The invasive nature of the work including the need to be in a customer's home for up to 4 hours, combined with the late programme start in September (agreed through our remobilisation plan) mean we are unlikely to meet the Scottish Government's target date for completion of May 2021. At the time of writing, the Scottish Government has proposed postponing the implementation date until Feb 2022 but this requires to be approved by the Scottish Parliament. We will continue to monitor and manage progress proactively to ensure the implementation date is met.
- 5.15 As part of this we will work with our CBG JV compliance trades team to rationalise address lists for this work and aggregate it with other building compliance work streams so we can reduce the number of visits to a customer's home, minimise any inconvenience and maximise access. We will also use our learning from gas servicing on the value of proactive customer engagement where access is required, to ensure these works are completed as quickly as practical. Letters have been sent to each household offering advice and assistance as part of our stay safe approach, and also asking they contact us should they require a repair or a check on their existing smoke detectors.
- 5.16 The table below provides an update on completions, after three weeks of the programme recommencing.

Subsidiary	Stock No's	Total	Percentage
GHA	31990	16175	50.5%

## **Periodic Electrical Inspections**

- 5.17 In May this year, the Scottish Government updated its guidance to social landlords via the Scottish Housing Quality Standards (SHQS), requiring that periodic electrical inspections be undertaken in all properties on a cycle of no more than 5 years. This brings the social housing sector in line with guidance issued to the private rented sector in 2015. The Scottish Government has set the target date of March 2022 for Social Landlords to be compliant.
- 5.18 Historically GHA budgeted for periodic inspection on a 10 yearly cycle, reflecting the following risk mitigation considerations:
- significant large scale investment works that were carried out in GHA properties focused upon new electrical installations over the last decade
  - availability of electrical safety repairs for customers 24/7/365
  - inspections and electrical repairs/upgrades undertaken at void
  - on-going one off investment works which identify issues with electrical installations
- 5.19 GHA is currently 36% compliant with roughly 25,000 properties requiring a periodic inspection under the new requirement, with March 2022 being the deadline.

- 5.20 We have been undertaking periodic electrical inspections in customers' homes when we have been installing the new smoke and heat detector systems, to minimise disruption to customers. Periodic inspections will continue to be undertaken at this appointment as part of a compliance "one and done" approach wherever it is practically possible. Where new smoke and heat detector systems are not required, we will undertake the periodic inspection at the same time as other compliance works e.g. TMV servicing or Door/Window inspections, as applicable.
- 5.21 We have developed an ambitious programme, targeting works in 450 customer's homes a week, if we can realise this programme then a completion date of March 2022 is possible.

### **Emergency Lighting Installations**

- 5.22 Emergency Lighting installations and maintenance are undertaken within common areas of blocks, with no requirement to access customers' homes. As such, this work stream recommenced in September through a combination of City Building Glasgow's in house teams and their supply chain.
- 5.23 Processes are already in place for notifying customers and colleagues that this work is going to be taking place, and due to the minimal level of direct customer contact involved in completing these works we do not anticipate significant issues with recommencing the programme.
- 5.24 Blocks completed towards the end of (19/20) are still within the contractual defects period with landlord assurance inspections for this completed work being prioritised when business returns to normal. The installed systems are fully operational, with just minor aesthetic issues outstanding.

### **Window and Door Inspections/Servicing**

- 5.25 Window and door inspections were always planned for December 2020 through to March 2021 because the internal nature of the work means it is suited to the winter months.
- 5.26 Subject to customers allowing access, we do not anticipate, at this time, any issues with these work streams proceeding as originally planned. This will be monitored over the coming months while we await further guidance from Government on the scenarios and timescales for exiting lockdown.

### **Lift Inspections and Maintenance**

- 5.27 Lift inspections by our insurance engineers commenced as normal throughout lockdown and any time related defects that are identified are being actioned by our lift contractors as a priority. Any minor defects or recommendations will be completed as and when business returns to normal
- 5.28 Proactive servicing of our lifts has been reduced from monthly to two monthly visits to reduce workload for our contractors as they run on a reduced resource. Throughout the lockdown period we have not experienced any significant service issue to date as a result. Monthly inspections and maintenance will resume in October in line with our remobilisation plan.

- 5.29 All emergency callouts are being dealt with within timescales and there is continued dialogue with the contractor about any potential issues

### **Mechanical and Electrical Works**

- 5.30 During lockdown our specialist M&E contractor and their supply chain have been working to undertake all statutory compliance works which are accessible within common areas of our blocks or within landlord controlled areas (tank rooms, risers etc.), this work includes water testing, dry riser testing, fire alarm maintenance.
- 5.31 All emergency callouts are being dealt with within timescales and there is continued dialogue with the contractor about any potential issues.
- 5.32 The majority of our M&E equipment is within communal areas of blocks, which has allowed our contractor to catch up quickly on workload that they were unable to undertake due to restrictions in lockdown with minimal inconveniencing for our customers.

### **Communications**

- 5.33 Our experience through the COVID-19 pandemic and beginning to reintroduce services has highlighted the value of proactively engaging customers, particularly where there is nervousness about allowing access to their home.
- 5.34 As we continue to develop our approach to compliance activities in the current operating environment, we will further strengthen communications with customers at each stage to explain:
- what we are doing and why it's important;
  - how we will ensure the work can be carried out safely;
  - what we need them to do; and
  - how they can get in touch to talk to us.
- 5.35 Key messages in all our communications to customers on compliance will be:
- The safety of our customers and staff is our top priority and as a result we are still only able to deliver restricted services
  - The good news is... the continued gradual easing of restrictions means we can now carry out some essential work aimed at keeping you and your home safe
  - Please be assured, while this work is carried out, our staff and contractors will strictly follow guidelines on maintaining social distancing and will wear appropriate PPE
  - This work is a really important part of keeping you and your home safe ...we'll be re-introducing other services just as soon as guidelines allow.
- 5.36 These key messages, supplemented where appropriate with detail of the individual project or work being carried out, will be communicated to customers using a range of channels including telephone calls, on-line, web and social media.

## **6. Key Issues and Conclusions**

- 6.1 Where needed and appropriate we have amended our approach to compliance related works in response to government guidance to prevent the spread of COVID-19 and changing customer attitudes. Throughout the lockdown restrictions, our emphasis has been on ensuring our customers, communities and assets remain safe while we work towards the phased introduction of our wider repairs and compliance services, as restrictions ease.
- 6.2 We have changed our approach to gas servicing, where we have statutory obligations, to allow us to meet recent HSE guidance to social landlords. Our new approach resulted in compliance of 100% on 1<sup>st</sup> September 2020. Our planned programme of other compliance work for TMV and smoke and heat detectors is behind plan – because of the difficulties in accessing customer homes. Other programmes including window and door inspections and lift Inspections and maintenance are impacted to a lesser extent by the current situation through a combination of requiring limited customer engagement, work having been planned for later in the year and the ability to move – on a temporary basis – to less frequent checks without significant risk.
- 6.3 While adapting our approach to compliance, and repairs more generally, has its challenges, it has also provided an opportunity to review our delivery model and to accelerate innovation including in addressing no accesses and collaborative working with our delivery partners.

## **7. Value for Money Implications**

- 7.1 There are no direct value for money implications arising from this report.

## **8. Impact on financial projections**

- 8.1 The revision to previously planned programmes of work discussed here have been included in updated financial projections.

## **9. Legal, Regulatory and Charitable Implications**

- 9.1 In considering the current legal implications, the organisation has regard for the dialogue that is continuing with key parties including the Scottish Government and SHR.
- 9.2 The amendments to the Scottish Housing Quality Standards in relation to Periodic Electrical inspections have required us to increase our electrical inspection programme to ensure the organisation meets the target date of March 2022.

## **10. Implementation and deployment**

- 10.1 Implementation aspects of the various compliance works are discussed throughout this report.

## **11 Partnership Implications**

11.1 The consideration in this report apply to all group partners

## **12. Equalities Impact**

12.1 There are no equalities implications associated with this report.

## **13. Recommendations**

13.1 The Board are asked to note the content of this report and agree the proposed approach to compliance related works.





## Report

**To:** GHA Board

**By:** Jehan Weerasinghe, Managing Director

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Delivery Plan 2020/21 and Quarter 2 performance

**Date of Meeting:** 6 November 2020

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### 1 Purpose

- 1.1 To update the Board on the Delivery Plan approach for 2020/21, seek approval of the associated targets and update the Board on performance for the year to date.

### 2 Authorising Context

- 2.1 Under the terms of the Group Authorising Framework, the Board is responsible for setting the overall Performance Framework and approving the delivery plan for each year. Under the Group Authorise/Manage/Monitor Matrix, the Board has an ongoing role monitoring performance against the key indicators agreed under the performance framework.
- 2.2 This year's Delivery Plan has been heavily impacted by the pandemic and on this basis the Board agreed a different approach to target setting, including the use of phasing.

### 3 Risk Appetite and assessment

- 3.1 Our agreed risk appetite in relation to Board Governance is "cautious". This level of risk tolerance is defined as *"Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward"*.

### 4 Background

- 4.1 We are in the process of recasting our strategy, which will now cover the period 2021-26. Given the impact of Covid 19, the Board have previously recognised that 2020/21 will be a transitional/exceptional year and necessitate an interim set of performance measures and targets. These do recognise a number of the themes of our original draft 2020-25 strategy, while also recognising that normal performance has not been possible due to government restrictions.
- 4.2 As previously reported to the Board, Covid-19 has had a significant effect on business operations across the Group which has impacted on the delivery of the overall Group strategy. Updates on operational performance, and the risks associated with working in this environment, have been reported through the "Business Update" report previously reported to the Board.

- 4.3 We continue to review performance and key operational indicators are reported monthly to the Scottish Housing Regulator (“SHR”) to understand the impact of Covid-19.

## 5 2020-21 Measures and Targets

- 5.1 Prior to lockdown, we had already developed a draft set of measures and targets based on the first year of our 2020-25 strategy. The Board have subsequently reviewed these to evaluate the likely impact of Covid-19 on what is achievable this year and what is most important in light of some of the changes to the strategy currently under discussion.
- 5.2 The full set of proposed measures and targets for 2020/21 is included in the Appendices. Key points are set out below:
- 5.3 **Customer satisfaction:** The Scottish Housing Regulator requires satisfaction surveys to be completed every 3 years. Our last survey was completed in late 2019. As there is no statutory requirement to complete full surveys in 2020/21, we do not intend to complete full surveys this year. However, a separate piece of work will be commissioned to get independent feedback from our customers on how we responded to Covid-19 and obtain feedback on service delivery priorities, which was outlined at the previous board meeting.
- 5.4 **Phased targets:** to reflect the challenging environment we have been operating in so far this year, the Group Board agreed on August that we introduce phased targets for a small number of performance indicators based on the following phases.

Phase	Timescale	Commentary
<b><i>Lockdown/ phase 1</i></b>	April – June	Targets adjusted to reflect the changes in our services – e.g. restricted repairs service.
<b><i>Remobilisation – phase 2</i></b>	July – December	Targets adjusted to reflect the remobilisation of services.
<b><i>Business as usual</i></b>	January – March	Assumed that all services are fully operational – this may need to be revisited in the event of second waves or local lockdowns.

- 5.5 These phases have been applied to the following areas and proposed targets developed for each phase. It is expected that these will require to be further reviewed in light of the new *Coronavirus (COVID-19): Scotland's Strategic Framework* which means Business as Usual is highly unlikely to resume from January as initially planned. A separate agenda item (presentation) will update the Board on the implications of the new Strategic Framework

*Tenant satisfaction with repairs and maintenance:* We anticipate in-month satisfaction to decline initially as more complex repairs usually result in lower satisfaction and there are more of these as we remobilise. “Phase 2” target is 87% and then the business as usual target increases to 93%.

Days to let: As we work through the perpetration and completion of any repairs required to the backlog of vacant properties the time taken to let properties will be longer in July – December (“phase 2”). Thereafter we expect to come back to normal levels.

	<b>Lockdown/ Phase 1</b>	<b>Remobilisation/ Phase 2</b>	<b>Business as usual</b>
GHA	N/A – no letting	28	16

Medical adaptations (number of calendar days to carry out): There are a number of outstanding adaptation referrals from the beginning of lockdown. These will have a substantial length of time accrued by the time adaptations restart, which we aiming to do in November.

	<b>Phases 1 and 2</b>	<b>Business as usual</b>
GHA	N/A	72

Number of expired gas safety certificates: There were no expired gas safety certificates by September.

	<b>Lockdown/ Phase 1</b>	<b>Remobilisation/ Phase 2</b>	<b>Business as usual</b>
GHA	1,536	0	0

- 5.6 Gross rent arrears: have been reviewed to reflect the economic impact Covid-19 has had on our tenants; which has seen a significant increase in the number of people claiming Universal Credit. As a result, revised targets are detailed below:

	<b>2019/20</b>	<b>30 June 2020</b>	<b>2020/21 Proposed Target</b>
GHA	4.81%	5.21%	5.60%

- 5.7 Lets to homelessness: to reflect the importance of this area, it is proposed that the initial target of 33% is increased to a GHA target of 65%
- 5.8 Fire Risk Assessments: will commence from October. The target is for 24 Multi Storey Flats and 6 Living Well properties to be completed. Over the next 2 years, 56 Multi Story Flats and 16 Living Well properties will be assessed to meet our 3 year targets.
- 5.9 Accidental Dwelling Fires: our target to reduce Accidental Dwelling Fires (“ADFs”) by 10% over the 5-year strategy remains. It is proposed we align the reduction with the 5-year period of the new strategy (i.e. profiled at 2% per annum from 2021-2026).
- 5.10 Social Housing and Mid-Market New Build: figures have been reviewed in light of Covid-19. The following table summarised this year’s assumed activity:

<b>RSL</b>	<b>Social rent</b>	<b>Mid-market</b>	<b>Total units</b>
<b>GHA</b>	311	49	360

- 5.11 Gas safety: the target remains at zero, as we have a legal obligation to carry out this service within timescales. However, in line with other providers, we have begun to force access where people refuse entry. These numbers cannot be reduced because the indicator measures how many times the deadline has been missed. Phased targets have been set to monitor the position to bring the number of gas safety checks not being completed within time to zero.

## 6 Quarter 2 performance

- 6.1 An update on performance relative to the key measures and other relevant measures is detailed below. As detailed in the separate agenda item on the “Delivery Plan” a small number of areas have phased targets to recognise the impact of Covid on our operations.

As reported previously we have undertaken a range of services in support of our customers. This has included:

- advanced infection control and social distancing across all our residential care services;
  - moving care support services to telephone support where possible;
  - delivery of 15,503 Eatwell packages and to customers struggling to get or pay for food; and prioritised calls to ensure the wellbeing of our more vulnerable customers.
- 6.2 The effect of lockdown and phased remobilisation will present some significant challenges through the remainder of the calendar year. These will make some of our performance results look worse than in the past but this will be due to the way in which we have had to deliver the services rather than a deterioration in normal service. For example, average letting times increased in August and September as we let homes which have been empty throughout lockdown.
- 6.3 In order to help differentiate known effects on performance from lockdown from any actual deterioration in performance, we will report in period performance for the affected indicators. This will allow the Board to assess whether results are following the trend that we would anticipate. So for letting we would anticipate that by project normal we will be letting homes within 14 days in period but the year to date figure will continue to be higher as it will have been impacted by long void periods earlier in the year.
- 6.4 The strategic measures dashboard details performance according to individual measures and if they have met targets (see [Appendix 1](#)). 14 out of the 18 measures detailed in the dashboard have either met or exceeded the target. The following four outline the four measures where the target was not met.

Number of gas safety checks not met -1,536 expired CP12s occurred during lockdown. This principally occurred during the early part of lockdown where there was considerable uncertainty of customers about the risks of allowing trades persons into their homes. Since then there has been a monumental effort across Group to reassure our customers about our approach to keeping customers safe whilst carrying out compliance works. We have returned to 100% compliance as of late August, but the expired certificates will sit on our ARC return.

% tenancy offers refused during the year – Whilst no target has been set on this measure it is worth noting the figure is less than half of the percentage of refusals reported in 2019/20 i.e. a drop from 32.28% in 2019/20 to the current figure of 15.95%. The close working between GCC and the matching in process for homeless customers' accounts for this improvement in performance from last year.

% new tenancies sustained for more than a year – The figure is 0.13% shy of the target of 90%. The figure still includes deaths and also positive reasons for moving on such as securing a larger home which might be more suitable for customers.

Average days to re-let properties (ARC) –The ARC indicator of average days to let shows the real impact the coronavirus pandemic and lockdown has had on our letting i.e. 58 average days to let. With letting of properties suspended from 20 March through to 17 August (other than the provision of additional temporary accommodation units to Local Authorities) this level of performance is in line with expectations and it is anticipated that it will reflect the national picture when these statistics become available. Once the measure is adjusted to account for lockdown GHA's average days to let is 19.2 days and well with the target of 26 days which was set as part of the Phase 2 Remobilisation targets.

## **7 Gross Rent Arrears**

- 7.1 We aim to maintain gross rent arrears below 5.6% by the end of the year. As reported last quarter, there was an unprecedented level of Universal Credit claims during lockdown. GHA now has a case load of 8,876 customers on Universal Credit (an increase of 22% since April). UC customers continue to have a five week wait to receive their benefit, which impacts on their ability to pay their rent. Many of these people have required individual support from housing officers and welfare benefit advisors. Over 188,000 outgoing calls have been made by Housing Officers across Group and 59% of customers visited by the Home Visit team have seen improvements in their rent account. This has resulted in us maintaining our average UC arrear at only three weeks rent.
- 7.2 At the end of September, DWP introduced payment alignment for Universal Credit customers, meaning we now receive payment for customers on a Managed Payment to Landlord the same day they are paid, rather than waiting for a monthly bulk payment. As this is introduced to each RSL, they will receive the bulk payment and also the new daily payments, resulting in a one off double payment from DWP. This has significant impact for our customers, for example for GHA in Period 7, this reduced their percentage of customers in arrears from 71% to 61%. During Period 7 core (non-UC) arrears also fell by £186,846.

## **8 Accidental Dwelling Fires and Fire Risk Assessments**

- 8.1 In the year to date, from April through September there have been 92 Accidental Dwelling Fires (ADFs) in GHA. The current ADF performance is now 10% fewer fires compared to 2019/20 and this builds on our already outstanding performance of a 21% reduction in ADFs over the last two years.

- 8.2 As we went into lockdown there was an initial spike in ADFs and, with customers spending more time at home, this was not unexpected. This is a trend that was reflected nationally with SFRS reporting a significant increase in serious injury and death this year. The implementation of our Fire Safety Remobilisation Plan Phase 2 in June saw the return of our Fire Safety Team and an increase in referrals from frontline staff to visit vulnerable customers. As our Fire Safety Team restarted visiting high risk customers in July, August and September we have seen a marked reduction in the number of ADFs compared to last year.

RSL	April – September 2019	April – September 2020	Difference	Percentage change
GHA	102	92	-10	10%

- 8.3 Due to lockdown restrictions and associated Scottish Government guidance we were forced to suspended some of our fire prevention and mitigation activities in the early days of lockdown. Despite this we continued to deliver a number of extremely important fire prevention activities. For example, our daily MSF block inspections continued to be carried out by our MSF Environmental Operatives and all stock types and areas were patrolled on a daily basis to remove items of bulk which may have posed a fire risk.
- 8.4 In addition to this, and following the return of our four Fire Safety Officers in June, we completed inspections of all 106 MSF blocks. These were undertaken following the SFRS decision to suspend their quarterly MSF inspection programme. In line with our remobilisation plan our FSOs have now also recommenced additional vulnerable household visits using PPE and social distancing.
- 8.5 Our three-year Fire Risk Assessment programme for all MSF and Living Well complexes is recommencing at the end of October and two additional FSOs will also be recruited at this time to allow us to continue with vulnerable/high risk customer visits and interventions.

## 9 Repairs

- 9.1 GHA has carried out both emergency and non-emergency repairs within the target times. Emergency repairs were carried out on average within 2.53 hours against the target of 3 hours.
- 9.2 We are gearing up towards full remobilisation of the repairs service on 2 November, albeit with some exclusions when it is not safe to carry out the repair works. For example, when multiple trades are in the customer's home with the customer for a prolonged period of time. An inevitable consequence of being unable to provide a full service safely in the first half of the year, is that there is backlog of works such as roofing, drainage and customer requests. These will be project managed in a co-ordinated way, similar to the approach used in addressing the void backlog, whilst we move towards a full business as usual service.

## Strategic projects – progress at Quarter 2

### 9.3 Appendix 2 outlines progress on the strategic projects in the Delivery Plan at the end of Quarter 2

- Develop Group Homelessness Framework, including rapid rehousing - This framework is currently being drafted and will now be taken to the February Board. This is to allow us to incorporate the outcomes from local authority review of their Rapid Rehousing Transition plans. In addition, it will take into account the action plan for the recommendations from the Homelessness and Rough Sleeping Action Group (HARSAG)
- Develop pre-1919 strategic overview -The strategy for our pre-1919 stock in Glasgow is to work with other strategic partners such as GCC to identify and implement options to help us deliver much needed common repairs to ensure the longer term viability of this cultural important stock type. The next phase of our improvement programme is focussed in the High Street area of the city centre and forms a key part of GCC's High Street Area Plan which incorporates a wider regeneration strategy for this historic locality. We aim to deliver this work by seeking grant support from Glasgow City Heritage Trust to assist owners with the cost of participating in our investment proposals and by strengthening our ownership within mixed tenure blocks through targeted acquisitions. Progress has been impacted by the on-going pandemic however we anticipate submitting an application for heritage funding before the end of the financial year with an aim to commence with repair works in early summer 2021
- Work with Police Scotland to develop a Group-wide Antisocial Behaviour and Crime Prevention and Mitigation Framework -The development of the Group Antisocial Behaviour and Crime Prevention and Mitigation Framework is progressing well. The draft document is due to be completed by end of October and will be circulated to key stakeholders for comment and feedback.
- Create a new digitally enabled engagement framework - A new customer engagement framework is being developed to help support the ambitions in our new 2021-26 strategy – Your Home, Your Community, Your Future. This framework will contain both digital and off-line elements. The new framework will be presented to the Board at its next meeting in February.

All projects are on track to deliver on time with the exception of the Group Homelessness Framework for the reasons set out above.

The 2020/21 phased charter targets are included under **Appendix 3**, which take account of the fact that we need to establish a baseline in 2020/21 to measure progress against.



## **10 Key issues and conclusions**

- 10.1 This report outlines positive progress in achieving the majority of performance measures and the delivery of projects, despite the continuing challenges posed by the COVID-19 pandemic and lockdown restrictions that continue to affect business delivery. Key areas of focus during the remainder of the year will be the support of customers who may be experiencing additional financial hardship and to manage our arrears, continued focus on letting properties and supporting our contribution to reducing homelessness, and delivery of safe and high quality repairs services to customers.

## **11 Value for money implications**

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

## **12 Impact on financial projections**

- 12.1 No implications

## **13 Legal, regulatory, and charitable implications**

- 13.1 Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. The GHA Board approves the final return and this information is included in the year end performance report to the Group Board. GHA is also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually.

## **14 Partnership implications**

- 14.1 Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help Wheatley achieve its strategic vision.

## **15 Implementation and deployment**

- 15.1 Not required

## **16 Equalities impact**

- 16.1 There is no direct equalities impact from this report.

## **17 Recommendation**

- 17.1 The GHA Board is asked to approve the phased targets and delivery plan for 2020/21.

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## **LIST OF APPENDICES**

Appendix 1: Measures dashboard

Appendix 2: Strategic projects dashboard





Appendix 3: Phased Targets for 2020/21

## Appendix 1 - GHA Board - Delivery Plan 20/21 - Strategic Measures

Measure	2019/20	YTD 2020/21		
	2019	2020		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	4.94	4.9	8	✓
Average time taken to complete emergency repairs (hours) – make safe	2.88	2.73	3	✓
Average time taken to complete non-emergency repairs (working days)	5.48	3.82	5.5	✓
% reactive repairs completed right first time	96.31%	98.26%	97.5%	✓
Number of gas safety checks not met	0	1,536	0	✗
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	94.34%	93.46%	87%	✓
% tenancy offers refused during the year	32.28%	15.95%		📊
% new tenancies sustained for more than a year - overall	90.35%	89.67%	90%	⚠️
% lettable houses that became vacant	8.38%	7.02%	8.5%	✓
Average days to re-let properties (ARC) – excluding lockdown days		19.2	26	✓
Average days to re-let properties (ARC)	15.44	58.1		📊
Average time to complete approved applications for medical adaptations (calendar days)	17.6	19.5	72	✓
Gross rent arrears (all tenants) as a % of rent due	4.81%	4.82%	5.6%	✓
% avoidable contact	6.73%	5.8%	18%	✓
% of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	92.65%	93.32%	96%	⚠️

	2019/20	YTD 2020/21		
Measure	2019	2020		
	Value	Value	Target	Status
Total number of jobs, training places or apprenticeships created including Wheatley Pledge	457	0	0	✓
New build completions - Social Housing	59	81	81	✓
New build completions - Mid-market	119	49	49	✓
% Sickness rate	3.03%	0.54%	3%	✓

## Appendix 2 - GHA Board - Delivery Plan 20/21 - Strategic Projects

Strategic Project	Delivery Date	Status	% Progress
Develop Group Homelessness Framework, including rapid rehousing	31-Oct-2020		<div><div></div>0%</div>
Develop pre-1919 strategic overview	31-Dec-2020		<div><div>90%</div></div>
Work with Police Scotland to develop a Group-wide Antisocial Behaviour and Crime Prevention and Mitigation Framework	28-Feb-2021		<div><div></div>0%</div>
Create a new digitally enabled engagement framework	31-Mar-2021		<div><div></div>0%</div>

## Appendix 3

### Phased Targets for 2020/21

	GHA Charter Indicators	18/19 Result	19/20 Target	20/21 Target
1	Percentage annual tenants satisfied with the overall service	88%	90%	Not Applicable
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	88%	93%	Not Applicable
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	97.13%	Baseline Year	96%
4	Average time in working days for a full response at Stage 1 and the average time in working days for a full response at Stage 2 - Overall	5.09	Baseline Year	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	80%	87%	Not Applicable
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS).	99.36%	98.3%	99.4%
7	Percentage annual existing tenants satisfied with the quality of their home	87%	89%	Not Applicable
8	Average time to complete emergency repairs (hours)	2.88	3	3
9	Average time to complete non-emergency repairs (working days)	5.48	5.5	5.5 days
10	Percentage reactive repairs completed right first time	96.31%	97.50%	97.50%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	94%	94%	87% to end of December 93% to end of March. Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	82%	Baseline Year	Not Applicable
14	Percentage of tenancy offers refused during the year	32%	21%	Contextual

	GHA Charter Indicators	18/19 Result	19/20 Target	20/21 Target
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
16	Percentage of new tenancies sustained for more than a year - overall	90.35%	93%	90%
17	Percentage of lettable houses that became vacant	8.38%	8.50%	8.50%
18	Percentage of rent due lost through properties being empty	0.43%	0.50%	0.50%
19	Number of households currently waiting for adaptations to their home.	93	Contextual	Contextual
20	Total cost of adaptations completed in the year by source of funding (£).	£1,74m	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days) *	17.60	25	72 *
22	Percentage of court actions initiated which resulted in eviction - overall	29.70%	25%	25%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	49.47%	Baseline Year	Contextual
24	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let. (ARC indicator only for Local Authorities)	68.54%	Baseline Year	Contextual
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	79%	83%	Not Applicable
26	Rent collected as % of total rent due	98.34%	99.70%	99.70%
27	Percentage gross rent arrears	4.8%	3.99%	5.60%
28	Average annual management fee per factored property.	£184.53	Contextual	Contextual
29	Percentage of annual owners satisfied with the factoring service	60%	72%	Not Applicable
30	Average length of time taken to re-let properties (calendar days) *	15.44	14	26



## Report

**To:** GHA Board

**By:** Stephen Devine, Interim Group Director of Repairs and Assets

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Five-year review of City Building (Glasgow) LLP

**Date of Meeting:** 6 November 2020

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### 1. Purpose

- 1.1 This report provides details of the Terms of Reference for a 5-year review of City Building (Glasgow) LLP (CBG).

### 2. Authorising Context

- 2.1 Under the Group Authorising Framework (GAF) and Intra-Group Agreement (IGA) the Wheatley Board is responsible for agreeing matters of strategic significance. The terms of reference presented here have been considered and agreed by the Wheatley Board, and are provided for information.

### 3. Risk Appetite and Assessment

- 3.1 GHA's risk appetite relating to Repairs and Maintenance is "Minimal" i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.

### 4. Background

- 4.1 Wheatley became an equal member of CBG, along with Glasgow City Council (GCC), in April 2017. CBG provides repairs, maintenance and investment services to GHA and other Wheatley partners in west-central Scotland. As part of the legal agreements that created CBG and to ensure that it was delivering value for GHA and our customers, it was agreed that a review would take place on or around the fifth anniversary of the joint venture. The review is planned for between now and April 2021 to ensure there is adequate time to make any changes before the fifth anniversary of the joint venture in April 2022.
- 4.2 The legal agreements also indicated that, amongst other things, the review should:
- be carried out jointly with GCC,
  - cover the extent to which CBG is meeting the strategic objectives set for it by Wheatley and GCC, and the priorities in its business plan.
- 4.3 The Terms of Reference for the 5-year review are provided at Appendix 1.



## 5. Discussion

- 5.1 CBG has provided repairs, maintenance and investment works to GHA and other Wheatley group partners in west central Scotland (Cube, Loretto Housing, Lowther Homes and YourPlace) since it was established as a joint venture in April 2017. Before that, CBG's sister company (City Building Contracts) provided these services to GHA on an arms-length, commercial basis.
- 5.2 The 5-year review is an important milestone for considering the effectiveness with which these services are provided, as well as how the joint venture arrangement is operating and the extent to which strategic objectives set when Wheatley became a member in CBG are being met. The review also provides an opportunity to look forward through assessing CBG's readiness to meet our repairs service vision through MyRepairs.
- 5.3 The Terms of Reference for the review are structured to consider:
- CBG as a provider of repairs etc. to GHA and other Wheatley Group partners
  - the extent to which being a member of CBG delivers value for Wheatley and GCC
  - delivery against agreed objectives
- 5.2 The aim of each is discussed in outline below, with more detail in the attached draft Terms of Reference.

### ***CBG as a provider of repairs etc. to GHA and other Wheatley Group partners***

- 5.3 This aspect of the review looks at the extent to which CBG is meeting the service performance objectives that were set as part of creating the joint venture for each Group partner and their customers. More generally, it also considers CBG's effectiveness as a repairs, maintenance and investment provider for customers including looking to capture first-hand information from tenants on what they think and feel about the service they receive from CBG.
- 5.4 CBG's contribution through its operational expertise, as part of a wider repairs and investment delivery system involving Wheatley is also highlighted for consideration under this section in the Terms of Reference.

### ***Review of the extent to which being a member of CBG delivers value for Wheatley and GCC***

- 5.6 This section in the proposed Terms of Reference recognises that CBG is a business in its own right and that Wheatley, as a joint owner, should derive value from the 'investment' it is making through spend with CBG on repairs, maintenance and investment. Key considerations here include assessing the extent to which Wheatley's key drivers for entering the joint venture in 2017 are being achieved and whether other repairs delivery options might now deliver greater value.

### ***Review of delivery against objectives***

- 5.7 This final aspect of the Terms of Reference looks at the extent to which the objectives Wheatley and GCC set for CBG in establishing their joint venture are being met. This relates directly to the requirements for the 5-year review that were set in April 2017 through the agreements that established CBG as a joint venture.

### ***Methodology***

- 5.8 Capturing views and experiences from tenants on their repairs service is a key feature of the proposed review. A range of methods will be used in doing this such as surveys, online focus groups, telephone interviews, complaints analysis and virtual drop-in sessions. If necessary, depending on the experience of the consultant undertaking the review, this aspect will be conducted separately to ensure that expertise in tenant engagement is available and to make sure that a broad range of tenant voices are heard.
- 5.9 Other aspects of the review methodology include internal and external financial and service quality assessment. This will compare the value of the service provided by CBG to GHA, to that provided to tenants of group partners in the East and South of Scotland, and, where information is available to the consultant to the service provided to customers of a cross-section of other landlords. GHA staff will be asked to provide their thoughts on the service provided by CBG as part of this aspect of the review.
- 5.10 The review will also look back at what has been achieved in the time since the joint venture was established in areas including performance, collaboration, innovation, improvement, technology and delivery against plans, and look forward to assess CBG readiness to deliver the strategic change in our repairs service that we require going forward.

### ***Proposed timing and timescales***

- 5.11 It is proposed that work on the review begins this autumn, with the aim of concluding it around March 2021. Completing the review then should allow sufficient time for any actions, changes or decisions coming from the review, to be taken forward before the 5-year anniversary of Wheatley becoming a member of CBG in April 2022. This timescale has been discussed and agreed with CBG, as much of the analysis as part of the review will require access to its resources.

### ***Proposed approach to the review***

- 5.12 The Terms of Reference proposed here have been shared with GCC, given its joint responsibility for conducting the review, and reflect its requirements along with those that were agreed by the Wheatley Board. The proposed approach to the review is to have it carried out by a consultancy firm with necessary expertise that is agreed by Wheatley and GCC, though a selection process that fits with respective procurement requirements.

## **6. Key issues and conclusions**

- 6.1 A review of Wheatley's CBG joint venture is required around the fifth anniversary of it being created under the terms of LLP Members' Agreement. It also provides an opportunity to make sure that being a member of CBG is delivering value including for tenants, and that CBG has the capabilities and ways of working we will need to deliver our strategic ambition going forward.
- 6.2 The aim is for the review to be carried out by a consultancy firm and for it to be concluded around March 21. This will allow time for any actions from the review to be put in place before the fifth anniversary of becoming a member in CBG in April 2022.

## **7. Value for Money Implications**

- 7.1 The quality of the repairs service and investment delivered by CBG in their homes are two of the key value drivers for our tenants. Conducting and learning from the review will help inform our future approaches and help to ensure we continue to deliver value for money.

## **8. Impact on Financial Projections**

- 8.1 There are no financial implications from this report. The cost of the 5-year review will be met by CBG from its existing resources with no adverse impact on its Members.

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

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

## **10. Partnership Implications**

- 10.1 The CBG joint venture with GCC is an example of partnership working that has strengthened relationships and enhanced our reputation. The joint nature of the review is expected to help reinforce our collaborative approach.

## **11 Implementation**

- 11.1 A steering group involving senior staff from across Wheatley partners and GCC will oversee the appointment of a consultancy firm, its work and the production of a final report from the review.

## **12. Equalities Impact**

- 12.1 There is no equalities impact as a result of the implementation of this policy.

## **13. Recommendations**

- 13.1 The Board is asked to note the Terms of Reference that Wheatley has agreed for the 5-year review of our City Building (Glasgow) LLP joint venture at Appendix 1.

## List of Appendices

Appendix 1: Draft Terms of Reference

Draft Terms of Reference for the 5 year review of City Building Glasgow

# Terms of Reference

Year 5 review of City Building (Glasgow) LLP

DRAFT

## 1. Introduction

Wheatley Housing Group (Wheatley) and Glasgow City Council (GCC) became joint owners (members) of City Building (Glasgow) LLP (CBG) in March 2017. As part of this joint venture, Wheatley and GCC agreed that a review of CBG would take place by the 5<sup>th</sup> anniversary of becoming members of CBG.

The intention is for the review to conclude by March 2021, so that any actions either member decides to take based on the review can be initiated before the 5 year anniversary in March 2022.

The agreed Terms of Reference for this '5 year review' are set out here.

## 2. Review scope

Wheatley and GCC have particular relationships with, and expectations of, CBG, that were agreed in developing their joint venture and that should to be assessed through the 5 year review. In particular, the following should be assessed in the 5 year review.

- Performance of CBG in meeting the strategic objectives agreed between Wheatley and GCC as set out in the Collaboration and Contribution Agreement.
- Extent to which CBG has met its objectives as set out in the Approved Business Plan applicable to the financial year immediately preceding the Review Period.
- CBG's adherence to the Approved Business Plan.
- Any material failure to the Approved Business Plan.
- Effectiveness of CBG as a provider of repairs, maintenance and investment works to Wheatley subsidiaries and their customers in West-central Scotland.
- Effectiveness of CBG as a provider of repairs and maintenance to GCC and its ALEOs in Glasgow.
- Extent to which being a member of CBG delivers value for Wheatley and GCC.

The views of tenants and others who receive services from CBG will be fundamental in informing the review. This will provide direct information on the quality of service provided, as well as on how this has changed since Wheatley and GCC became members in CBG. Staff views will also be important in considering culture and working relationships. The review will therefore capture the views of tenants, other customer and staff through surveys and focussed feedback sessions.

### ***CBG as a provider of repairs etc to Wheatley***

Wheatley is clear that the quality of the repairs, maintenance and investment services that CBG is involved in providing to its tenants and factored owners is the key driver of overall customer satisfaction and of fundamental importance. In becoming an owner of CBG, Wheatley agreed the following service objectives that should achieve by the 5 year review:

### ***Recognising that repairs is a key driver of overall customer satisfaction for Wheatley Group customers***

- overall customer satisfaction above 90% for GHA, Cube, Loretto Housing, Your Place and Lowther Homes,
- Wheatley Group's RSLs should achieve and sustain top quartile performance on 80% of ARC (The Scottish Housing Regulator's Annual Return on the Charter) measures,
- 80% of customers reporting to Wheatley Group that the personalised service they receive meets their needs, and,

## OFFICIAL - SENSITIVE: Operational

- satisfaction with value for money of at least 83% across GHA, Cube, Loretto Housing.

### *Key measures of success:*

- 98.5% of repairs right first time by 2018,
- 93% satisfaction with repairs and maintenance over previous 12 months by 2020,
- increase customers very satisfied with repairs to 60% by 2020, and,
- establish local repairs teams with local repairs operatives that deliver a 10% increase in customers being very satisfied with the repairs service

### *Service development and operating model achievements:*

- service excellence is redefined from the perspective of Wheatley Group customer priorities,
- customer insight informs and co-creates a menu of differentiated products and services for key customer groups,
- ThinkYes and W.E.Excel culture is embedded across every Service that deliver's WHG's outcomes, driving innovation, new learning, shared best practice, consistent improvement, and creating the best solutions for all customers,
- specialist training facilities that develop new apprentices in the craft skills needed for repairing and maintaining our assets are established.

As well as the objectives above, it was also agreed that CBG would work with Wheatley to explore and implement agreed efficiencies, plans, improvements and methodologies which will deliver repairs, maintenance and other services in such a way as to support CBG's ability to achieve the above objectives for the benefit of Wheatley Group and its customers.

As well as the agreed objectives above, the 5 year review should also consider CBG's effectiveness as a repairs, maintenance and investment provider for Wheatley customers, more generally. This part of the review will consider as a minimum:

- What tenants – social, MMR and PRS, and factored owners think of the repairs service they receive including how this experience has changed over recent years and expectations for the future
- The effectiveness of the overall repairs and maintenance system that includes CBG, Wheatley and customers, with particular emphasis on:
  - the contribution CBG has made including through its delivery expertise to informing My Repairs<sup>1</sup>, shaping its implementation and future direction,
  - the ICT systems that support the service, how these have been developed since 2017, the effectiveness of current arrangements and strategy for the future
  - the working relationships between CBG and Wheatley staff involved in the planning and delivery of the service
  - the response to the Covid-19 pandemic and how this is shaping CBG's future service delivery and business model
  - the extent to which CBG trades operatives understand and exhibit Wheatley's customer service ethos and culture
  - the impact of increasing future work for CBG through DGHP joining Wheatley and the effect this has had including in safeguarding continued improvement/innovation, service deliverability standards generally and value

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<sup>1</sup> My Repairs is Wheatley's customer focused vision for the repairs service that CBG is part of delivering



for money (especially given geography, logistics and the pricing structure with overhead costs, SORs and margin between CBG and Wheatley)

- Similarly, the effectiveness of the overall investment planning and delivery system that includes CBG, Wheatley and customers, should be assessed with particular emphasis on the contribution CBG has made to improving the system since 2017
- the extent to which the repairs and investment service delivered by CBG to Wheatley Group partners is value for money. This should include benchmarking:
  - the financial mechanisms between Wheatley and CBG comprising overheads, margin and SORs,
  - how the price for a representative sample of repairs and investment works compares to those in the market, the cost to CBG of delivering these works
  - how CBG has driven increased efficiencies and effectiveness in the last 5 years.
- Any variation in what tenants, think, the effectiveness of the repairs and investment system and value for money across different geographies, customer segments and service requirements for the different Wheatley partners (GHA, Cube, Loretto Housing, DGHP, YourPlace and Lowther Homes) served by CBG
- The level of change there has been in CBG including in its approach to repairs and investment delivery, adoption of new technology, evidence of innovation and appetite for exploring wider industry experience and trends

### ***Review of the extent to which being a member of CBG delivers value for Wheatley and GCC***

Both Wheatley and GCC assessed the joint venture model through which they have equal control and ownership of CBG as the most effective options for repairs etc delivery in 2017. The extent to which this assessment remains valid today should be considered as part of the 5 year review. In doing this, the review will consider the existing joint venture model relative to other options for repairs delivery including the service being in-house or provided through a third-party provider with no direct ownership relationship to Wheatley or GCC.

In making this comparison, the drivers for the joint venture should be

- 1) considered to test whether the value that was expected; has been achieved
- 2) assessed to determine whether either of the other options for repairs delivery could reasonably be expected to deliver greater value now and
- 3) examined through comparing and contrasting how they are realised in CBG against Wheatley's two 'in-house' repairs delivery mechanisms.

The drivers to be considered are:

- Control and flexibility over the repairs, maintenance and investment service and its development
- Strategic control, ability to set priorities and monitor progress
- Governance over our own repairs delivery
- Stakeholder buy-in with minimal risk of service disruption to customers
- Financial value

More generally, as the owners of CBG, Wheatley and GCC also want to make sure that their 'investment' – mainly through the value of work that CBG is awarded and the assurance this provides for CBG – is generating added value. In considering this aspect, the 5 year review will examine:

- The effectiveness of CBG governance and the extent to which its Board and leadership are focused on the strategic objectives of its members
- The level of alignment between CBG's strategic ambition and business plans and those of its member
- The management ethos in CBG and the extent to which it is focused on delivery additional value – beyond agreed targets, for its members
- Wider benefits including the opportunities it has created for:
  - young people in Glasgow including those in Wheatley homes through apprenticeships,
  - savings for examples through leveraging economies of scale and collaborative procurement and
  - RSBI to develop its business and the extent to which members have shaped their activity to support it, the impact of social mobility of employees with a disability, and the contribution RSBI has made to the overall success of the partnership and the City.

### ***Review of delivery against objectives***

Wheatley and GCC agreed particular objectives for their joint venture through various legal agreements as part of establishing it. These objectives which should be considered as part of the review are:

- Performance of CBG in meeting the strategic objectives (see below) agreed between Wheatley and GCC as set out in the Collaboration and Contribution Agreement.
- Extent to which CBG has met its objectives as set out in the Approved Business Plan applicable to the financial year immediately preceding the Review Period.
- CBG's adherence to the Approved Business Plan.
- Any material failure to the Approved Business Plan.

The strategic objectives that Wheatley and GCC, agreed they wanted to achieve through the joint venture were:

- For Wheatley these were:
  - more control in the development of service for the benefit of Wheatley Group customers.
  - the ability to develop the future strategic direction of the service.
  - the ability to shape the culture of service delivery.
  - financial benefits on an annual business at least equivalent to the VAT.
  - savings that would be required had the repairs and maintenance services been brought in-house by Wheatley Group.
  - an equal role in the governance of the repairs service delivery and CBG.
  - minimum disruption to service, as a consequence of transitioning to CBG, to Wheatley Group customers.
  - a strong relationship with CBG to allow Wheatley Group to evolve services over time to meet the needs of its customers.
- For GCC:
  - to improve service delivery through combining its repairs and maintenance service requirements with those of the Wheatley Group.
  - to maintain a Glasgow workforce committed to living wage, Strathclyde Pension Fund and wider community benefits that maximises opportunities for Glasgow residents.

- to explore opportunities to develop a long term apprenticeship/ RSBi plan that supports Wheatley Group and GCC repairs and maintenance, manufacturing and investment requirements.
- to align the development of CBG and its operations with the Transformation Programme which is being undertaken and in particular to the Council Family Review.
- to maximise the impact of its spend and efficiencies, and continue to deliver best value.
- to enhance the prospects for maintaining job security, against a downward trend in turnover associated with the Wheatley Group investment programme, GCC capital programme and GCC maintenance programme.

The review should consider the extent to which these objectives are being met and whether CBG's governance, leadership, culture and operations are guided by the wishes of its members. The applicability of these objectives to CBG going-forward should be considered, as should opportunities to achieve more such as through re-examining the possibility of VAT savings and operating arrangements spanning CBG and Wheatley subject to the core principles of the LLP Agreement remaining in place. Finally, other areas where CBG might contribute to Wheatley and GCC's strategic direction over the next 5 year period should be explored. This should include both how these strategies should impact CBG and its priorities, and how CBG's capabilities and plans might contribute to the delivering the stated strategic objectives of its members.

### ***Approach and timing***

The review will be carried out independently of Wheatley, GCC and CBG by a consultancy/professional services organisation with applicable expertise. The consultant/professional services organisation will be selected through a competitive process by Wheatley and GCC. The cost of the review will be met by CBG with no adverse impact on expected outcomes from its business plan for members.

The work on the review will be overseen by a steering group made up of senior staff from Wheatley and GCC, and staff across Wheatley, GCC and CBG will be available to support the review as required. Tenant engagement and surveys will be supported through Wheatley.

The selection of an organisation to perform the review will be completed by November 2020, initial findings from the review will be available by February 2021 and the review will be fully concluded by March 2021.



## Report

**To:** GHA Board

**By:** Steven Henderson, Group Director of Finance

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Finance Report

**Date of meeting:** 6 November 2020

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### 1. Purpose

- 1.1 The purpose of this report is to provide the GHA Board with an overview of the financial performance for the six-month period to 30 September 2020; including the latest forecast for 2020/21.

### 2. Authorising context

- 2.1 Under the terms of the Intra-Group Agreement between GHA and the Wheatley Group, as well as the Group Authorise, Manage, Monitor Matrix, the GHA Board is responsible for the ongoing monitoring of performance against agreed targets. This includes the ongoing performance of its finances.

### 3. Risk appetite and assessment

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

### 4. Discussion

#### Period to 30 September 2020

- 4.1 GHA has reported a statutory surplus of £4.6m for the period to 30 September 2020, which is £2.5m unfavourable to budget. The adverse variance is due to the timing of recognition of grant income on new build projects which have been delayed due to Covid. Excluding the £13.6m adverse variance on grant income, the underlying statutory result would be £11.1m favourable to budget with all expenditure lines reporting favourable variances driven by the changes to the usual operating model implemented in response to the Covid-19 crisis.

#### Key points to note:

- Net rental income of £90.5m is reported for September which is £760k adverse to budget. Void losses are £425k higher than budget as the letting of properties was placed on hold during the earlier months of the year. A number of void properties are being provided to Glasgow City Council to assist with homelessness. Net rental income also includes the impact of delays in new build completions for properties expected to complete from late March 2020 and early 2020/21 being delayed following the instruction by Scottish Government to close all construction sites during the spring lockdown.
- Grant income of £7.3m, which is £13.6m unfavourable to budget, has been recognised for 130 units across the GHA sites, originally suspended in March. Properties have now been completed at Inglefield, Linkwood, Bellrock, Auchinlea and Scaraway developments.
- Operating expenditure is £11.3m favourable to budget with all expenditure lines reporting spend lower than budget. Employee costs are £2.8m favourable to budget due to claims made under the HMRC Job Retention Scheme. The repairs service has moved to phased remobilisation as restrictions have been lifted. The full service is planned to resume in November and spend is £6.3m favourable to budget.

4.2 GHA has reported net capital expenditure of £20.1m for the period to 30 September 2020, which is £24.7m lower than budget. This variance is mainly driven by the low spend levels incurred in the investment and new build programmes compared to budget. Key points to note:

- The investment programme is £15.3m lower than budget, driven by the delay to the programme during the lockdown. Spend of £9.2m includes costs for repairs on central heating, kitchens, bathrooms and cladding repairs.
- New build spend is £14.5m lower as a result of the suspension of new build activity at the start of the finance year. Construction recommenced in July, and spend to date includes work at Scaraway (£3.0m), Auchinlea (£1.0m), Sighthill (£3.0m), Inglefield (£2.0m) and Baillieston (£1.5m).

## 5. Q2 2020/21 Forecast

5.1 The forecast operating surplus for the full year is expected to be £45.4m, £13.6m lower than budget, driven by lower levels of grant income on completion of new build units recognised in the 2020/21 financial year. This is offset by lower staff and repairs costs. Included in the forecast is an additional provision for ER/VR to accelerate changes to the operating model which will be achieved through the greater use of digital technology and mobile working. After taking account of interest payments, a statutory deficit of £1.8m is forecast which is £11.4m adverse to budget.

The forecast reflects the following key changes:

- Grant income for the year is forecast at £24.5m, a reduction of £9.7m from budget reflecting the revised profile of new build completions

- Net rental income has been revised to reflect the delayed handover of properties. Void losses have also been revised to reflect the current levels and assume a higher level until normal letting can resume.
- Employee costs include claims made under HMRC's job retention scheme which continue until the scheme closes in October. This results in revised forecast employee costs of £43.3m, a reduction of £2.8m to budget.
- An additional provision has been made for ER/VR of £9.6m to increase the full year forecast to £10.4m linked to the changes to the operating model.
- Repairs and maintenance is expected to be lower than budget as a result of the work undertaken earlier in the year under the "life and limb" service model and the ongoing remobilisation basis, back to the full service from November onwards. The overall reduction to repairs spend is £3.1m, with a revised forecast of £24.4m for the year.
- Core investment expenditure is forecasting a spend £22.2m lower than budget based on the revised programme for the year. New build spend is expected to be £12.1m lower than budget, and is based on the re-profiled development plan with budgeted costs deferring into future years. The original budget assumed 478 units would be completed in 2020/21, this has now been revised to 351 units with properties in Baillieston, Sighthill and Watson Street now forecast to complete in 2021/22. A total of 51 additional units across Linkwood, Auchinlea and Cranhill have been brought into this financial year delayed from March 2020.

## **6. Value for Money implications**

- 6.1 No further implication noted.

## **7. Impact on financial projections**

- 7.1 The 2020/21 Business Plan was approved by the Board at the February 2020 meeting. The quarter 2 forecast outturn highlights the expected variances from the approved budget.

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

- 8.1 No implications.

## **9. Equalities impact**

- 9.1 Not applicable.

## **10. Recommendation**

- 10.1 The Board is requested to note the management accounts for the period to 30 September 2020 at Appendix 1 and the full year forecast outturn to 31 March 2021.

## **Appendix 1: Period 6 – 30 September 2020 Finance Report.**



## **Period 6 – September 2020/21 Finance Report**

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Better homes, better lives

Classified as Internal



# Period 6 – 2020/21 Finance Board Report

## **SUMMARY FINANCIAL PERFORMANCE**

### 1. Operating Statement:

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4. Q2 Forecast	7
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# 1. Operating statement P6 – September 2020



	Year To September 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
INCOME				
Rental Income	£91,520	£91,855	(£335)	£183,732
Void Losses	(£1,063)	(£638)	(£425)	(£1,275)
Net Rental Income	£90,457	£91,218	(£760)	£182,457
Other Income	£4,363	£4,103	£261	£8,648
Grant Income	£7,251	£20,856	(£13,605)	£34,259
Total Income	£102,071	£116,176	(£14,105)	£225,364
EXPENDITURE				
Employee costs	£20,308	£23,156	£2,848	£46,149
ER / VR	£162	£386	£224	£773
Running costs	£8,209	£9,313	£1,104	£18,919
Revenue Repairs and Maintenance	£8,801	£15,062	£6,261	£27,511
Irrecoverable VAT and bad debts	£4,737	£5,181	£444	£10,362
Depreciation	£30,816	£30,816	£0	£61,632
Demolition and Tenants Compensation	£2	£465	£463	£930
TOTAL EXPENDITURE	£73,035	£84,379	£11,345	£166,273
NET OPERATING SURPLUS / (DEFICIT)	£29,036	£31,797	(£2,760)	£59,091
Net operating margin	28.4%	27.4%	1.1%	
RTB Income	£0	£0	£0	£0
Interest payable & similar charges	(£24,465)	(£24,773)	£307	(£49,553)
STATUTORY SURPLUS / (DEFICIT)	£4,571	£7,024	(£2,453)	£9,538

	Year To September 2020			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
Total Capital Investment Income	£1,359	£6,552	(£5,193)	£17,668
Total Expenditure on Core Programme	£9,206	£24,504	£15,298	£47,045
New Build & Other Investment Expenditure	£10,896	£25,441	£14,544	£44,959
Other Capital Expenditure	£1,316	£1,628	£313	£3,257
TOTAL CAPITAL EXPENDITURE	£21,418	£51,573	£30,155	£95,261
NET CAPITAL EXPENDITURE	£20,060	£45,021	£24,962	£77,593

## Key highlights year to date:

- Net operating surplus of £29,036k is £2,760k unfavourable to budget. Statutory surplus for the period to 30 September is £4,571k, £2,453k unfavourable to budget. The main drivers of the variance are lower grant income due to the delay in GHA new build completions and lower levels of expenditure resulting from the current COVID 19 restrictions.
- Net rental income is £760k adverse to budget; showing the rental income impact of the delays in new build completions and a higher level of void losses on existing properties. Void losses are £425k higher than budget, representing 1.16% loss rate compared to budget of 0.7% as normal re-letting activities have been impacted by restrictions earlier in the year. During this period, GHA have provided properties to GCC for use as temporary homeless accommodation, which has assisting in mitigating void losses.
- Grant income recognised in the year to date relates to the total of 130 units completed at Inglefield, Linkwood, Bellrock, Auchinlea and Scaraway developments.
- Total employee costs are £2,848k favourable to budget mainly driven by the claim received for staff under the Coronavirus job retention scheme. Included are employee recharges from Solutions which are also £486k favourable to budget following a similar claim.
- Total running costs are £1,104k favourable to budget with the variance largely linked to the change in the operation of the business during lockdown which has resulted in lower than expected costs in a number of areas against budget. Spend to date includes unbudgeted PPE costs of £365k, across direct and group running costs.
- Revenue repairs and maintenance expenditure is £6,261k favourable to budget. The service was delivered on a "life and limb" basis in the first quarter and has operated on a remobilised basis in quarter two, with spend levels remaining lower than budget.
- The net capital position of £20,060k is £24,962k below budget. Grant income of £1,400k has been claimed for Sighthill £1,000k, Dovehill £209k and Hurlford Ave £159k, with receipts due to be received in October for Baillieston.
- Core capital investment programme spend on existing stock is £15,298k lower than budget driven by the postponement of new works during the lockdown. Additional spend to date includes work on central heating, kitchens and bathrooms.
- New build spend is £14,544k lower than budget impacted by the restrictions on new build sites in Q1 and the subsequent remobilisation period. The September movement includes spend in the month reported for Scaraway (£1.6m), Auchinlea (£0.6m), Linkwood (£0.5m), Sighthill (£1.7m), Inglefield (£1.0m) and Baillieston (£0.9m). The costs at Inglefield, Linkwood, Bellrock, Auchinlea and Scaraway developments relate to completion of 130 units as sites have started a phased reopening from July onwards.
- Other capital expenditure of £1,316k, is £313k favourable to budget, and represents GHA's share of repairs system upgrades and the ASTRA customer relationship management system upgrade.

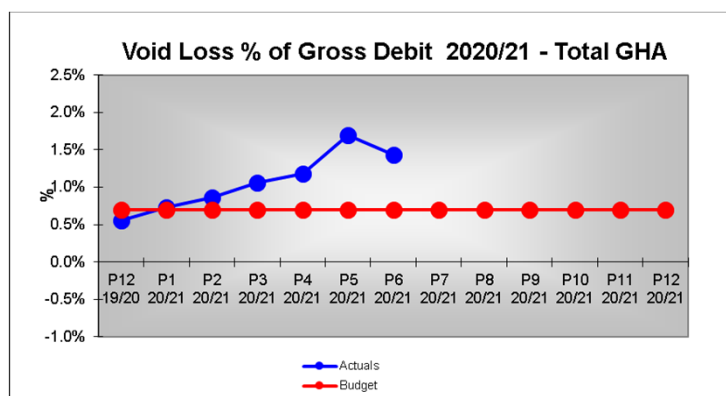
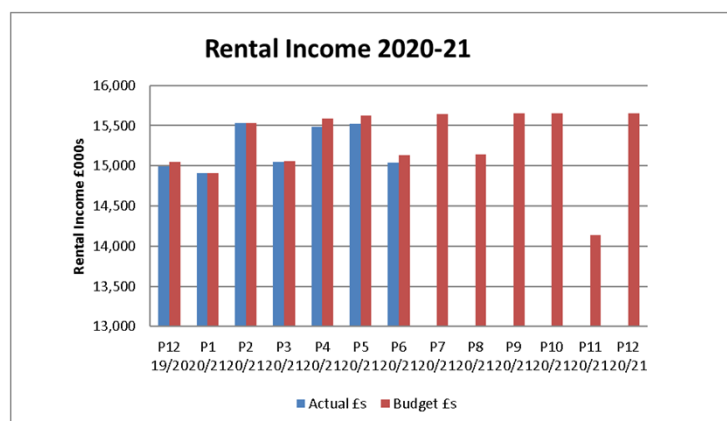
## 2a. Income – Rental Income & Void Losses



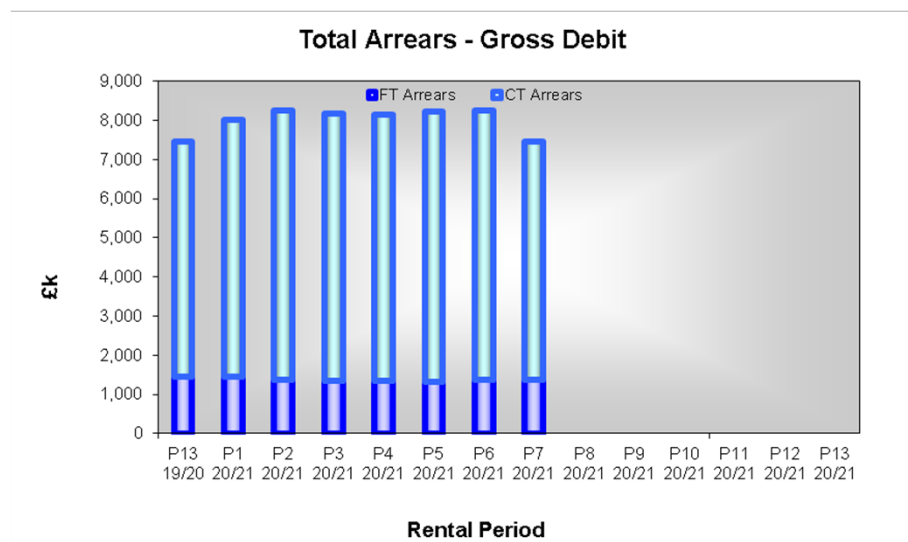
	YTD Actual £000s	YTD Budget £000s	YTD Variance £000s
Rental Income	91,520	91,855	(335)
Void Losses	(1,063)	(638)	(425)
<b>Net Rental Income</b>	<b>90,457</b>	<b>91,218</b>	<b>(760)</b>

### Comments:

- Gross rental Income is £760k lower than budget. The variance has largely been driven by a delay to the assumed completion date of social rent units at Bellrock, Linkwood, Auchinlea and Scaraway.
- The Rental Income graph shows the actual and budgeted rental income for the financial year. The budget fluctuates each month as a result of the number of days in the month, any expected new build handovers, and assumed acquisitions. The actual rent has been lower than budget for in P6 following the delay in new build units handovers. There were 81 units completed against 246 originally budgeted for.
- Void losses are £425k higher than budget, with re-letting of empty properties impacted by the Covid-19 restrictions. A number of properties have been allocated to Glasgow City Council to help with homelessness during pandemic.
- Monthly Void rental performance measure for period 6 is 1.16% compared to a budgeted void loss of 0.7%. The void loss % graph shows lost rental income performance against the gross rental debit.



## 2b. Arrears as a proportion of Gross Debit



### Comments:

- The rental periods operate on a 4 weekly cycle.
- The chart opposite shows arrears up to the end of rental period 7 (27<sup>th</sup> September 2020). The total arrears are £7,471k. This is an increase of £17k from period 13 of 2019/20 which is still within with our business plan assumptions.
- Current Tenant arrears are £6,089k at the end of rental period 7. This is an increase of £100k from the position at the end of rental period 13 in 2019/20. The number of tenants moving onto Universal Credit since April increased from 7,525 to 8,535 by end of September. 61% of these customers are in arrears. They have arrears attributable to UC of £1,604k.
- Former Tenant arrears have decreased by £83k from £1,465k at period 13 to £1,382k at the end rental period 7 2021.

Area/Division	Year To Date			2020/21 Budget
	Actual	Budget	Variance	
North East Area	52,365	68,090	15,725	136,181
North West Area	43,715	56,566	12,851	113,132
South Area	49,148	66,426	17,278	132,853
Housing & Care	94,689	147,567	52,878	295,134
<b>Glasgow Housing Association</b>	<b>239,918</b>	<b>338,650</b>	<b>98,732</b>	<b>677,300</b>

- Helping Hand Fund: a budget of £677k was provided to help tenants particularly affected by welfare reform and financial stress.
- Awards totalling £240k have been made up to end of September 2020.

# 3. Balance Sheet



GHA Balance Sheet	Current Month As at 30 September 2020 £000's	Previous yr end As at 31 March 2020 £000's
<b>Fixed Assets</b>		
Social Housing Properties	1,318,116	1,339,820
Properties under construction	68,035	57,089
Other tangible fixed assets	47,679	39,926
Investment properties	41,153	41,153
Investments - other	8,387	8,387
<b>Fixed Assets</b>	<b>1,483,370</b>	<b>1,486,375</b>
<b>Debtors Due More Than One Year</b>		
Development Agreement	19,225	20,478
Inter Company Loan	27,730	27,730
Pension Asset	13,585	13,585
<b>Current Assets</b>		
Trade debtors	(0)	0
Rent & Service charge arrears	11,182	6,760
less: Provision for rent arrears	(4,855)	(4,823)
Prepayments and accrued income	1,806	7,507
Intercompany debtors	11,918	10,664
Other debtors	2,838	7,890
	<b>22,889</b>	<b>27,998</b>
Bank & Cash	7,811	3,796
<b>Current Assets</b>	<b>30,700</b>	<b>31,794</b>
<b>Current Liabilities</b>		
Trade Liabilities	(3,189)	(1,458)
Accruals	(3,780)	(15,200)
Deferred income	(36,007)	(42,226)
Rents & service charges in advance	(7,835)	(7,313)
Intercompany creditors	(4,878)	(3,472)
Other creditors	(5,516)	(8,204)
	<b>(61,204)</b>	<b>(77,873)</b>
<b>Net Current Assets</b>	<b>(30,504)</b>	<b>(46,079)</b>
<b>Long Term Liabilities</b>		
Contingent efficiencies grant	(36,693)	(36,693)
Bank finance	(858,027)	(850,028)
Development Agreement	(19,225)	(20,478)
Provisions	(1,094)	(1,094)
Other creditors	0	0
<b>Long Term Liabilities</b>	<b>(915,039)</b>	<b>(908,293)</b>
<b>Net Assets</b>	<b>598,366</b>	<b>593,796</b>
<b>Funding Employed</b>		
<b>Capital &amp; Reserves</b>		
Retained Income b/fwd	252,434	252,434
Income & Expenditure	4,570	0
Revaluation Reserves	341,362	341,362
<b>Funding Employed</b>	<b>598,366</b>	<b>593,796</b>

## Comments:

- The balance sheet reported reflects the 31 March 2020 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties and actuarial valuation of the defined benefit pension scheme.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date. At June there have been no units completed nor any major investment programme work undertaken due to COVID 19 lockdown.
- Debtors due after more than one year:** The intercompany loan debtor relates to the £30m of convertible debt with Lowther Homes Limited. This is revalued on an annual basis.
- No change in the pension asset is assumed during the year for management accounts purposes, as the valuation is carried out annually.
- Current Assets (excluding cash) are £5.1m lower than the year end balance mainly due to a reduction in prepayments and accrued income by end of Q2.
- Short-Term Creditors** – Amounts due within one year of £61.2m includes £3.8m in accruals and £36m in deferred income. The deferred income primarily relates to housing association grant received for the construction of new build properties which is released on property completion. The remaining balance includes rent received in advance from our tenants, trade and other creditors and balances owed to other Wheatley entities.
- Loans** of £858.0m relate to funding drawn down from WFL1. Additional borrowings of £8.0m have been drawn in the financial year to date.

## 4. Q2 Forecast



Full Year Forecast	Budget £'000	Qtr 2 Forecast £'000	Variance £'000
<b>INCOME</b>			
Net Rental Income	182,457	181,100	(1,357)
Grant Income	34,259	24,510	(9,749)
Other Income	8,648	9,039	391
<b>Total Income</b>	<b>225,364</b>	<b>214,649</b>	<b>(10,715)</b>
<b>EXPENDITURE</b>			
Employee Costs	46,149	43,300	2,849
ER/VR	773	10,400	(9,627)
Running Costs	18,919	18,769	150
Repairs & Maintenance	27,511	24,428	3,083
Irrecoverable VAT & bad debt costs	10,362	10,962	(600)
Depreciation	61,632	60,432	1,201
Demolition	930	930	0
<b>Total Expenditure</b>	<b>166,276</b>	<b>169,220</b>	<b>(2,944)</b>
<b>NET OPERATING SURPLUS</b>	<b>59,088</b>	<b>45,429</b>	<b>(13,659)</b>
Interest Payable	(49,553)	(47,257)	2,296
<b>STATUTORY SURPLUS/(DEFICIT)</b>	<b>9,535</b>	<b>(1,828)</b>	<b>(11,363)</b>
<b>INVESTMENT</b>			
<b>Total Capital Investment Income</b>	<b>17,668</b>	<b>13,306</b>	<b>(4,362)</b>
Total Expenditure on Core Programme	47,045	24,800	22,245
New Build & other investment expenditure	44,959	32,902	12,057
Other Capital Expenditure	3,257	3,257	0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>95,261</b>	<b>60,959</b>	<b>34,302</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>77,593</b>	<b>47,652</b>	<b>29,941</b>

### Comments:

- This table shows the approved 2020/21 budget presented to the Board compared to the Q2 forecast for 2020/21, compiled following completion of the September year to date results.
- The forecast operating surplus of £45.4m is £13.7m adverse to budget, and after taking account of financing costs, the statutory deficit of £1.8m is adverse to budget by £11.4m. The main drivers of this variance are the lower level of Housing Association Grant income recognised in the year, following the reforecast of new build completions, lower costs forecast as a result of the COVID restrictions and additional provision for ERVR costs.
- Net rental income has been revised to reflect the new letting timelines following the delays in completing new build units from March to date. The forecast reduction assumes rental income for the delayed completions at Auchinlea, Linkwood, Bellrock, Kennishead, Scaraway and Cranhill commencing from September onwards.
- Total expenditure is expected to be £2.9m unfavourable to budget. This includes a higher level of expenditure being set aside for ERVR bringing forward staff changes linked to the accelerated implementation of the new operating model, with efficiencies achieved through increased levels of mobile working and the use of digital technology to transform working practices.
- A forecast reduction of £3.1m has been included for repairs costs representing the year end estimate of costs after the remobilisation of repairs activities back to the full service from November.
- An additional £0.6m provision for bad debt costs has been included in the forecast, increasing the charge for the year to £11.0m, This reflects amounts linked to the increase in numbers of tenants moving onto Universal Credit.
- Interest payments are forecast to be £2.3m lower than budget as a result of the revision to the revised investment and new build expenditure profile.
- New build grant receipts are expected to be £4.4m lower than budget following the changes to the profile of claims linked to the suspension of work on new build sites.
- The core investment programme is expected to be £22.2m lower with a revised programme in place prioritising external investment works, compliance/safety works with the phased remobilisation of other works. As a result, spend of £24.8m is forecast.
- The new build investment is expected to be £12.1m lower than budget, deferring an element of these costs into 2021/22. The original budget assumed 478 units would be completed in 2020/21, this has now been revised to 351 units. With properties at Baillieston, Sighthill and Watson Street now forecast to complete in 2021/22, with 51 additional units across Linkwood, Auchinlea and Cranhill in 2020/21.
- Other capital expenditure is expected to be in line with budget for the remainder of the year.

# GHA



## Report

**To:** GHA Board

**By:** Anthony Allison, Director of Governance

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Governance update

**Date of Meeting:** 6 November 2020

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### 1. Purpose

- 1.1 To update the Board on, seeing approval where appropriate, a range of governance related matters including:
- Recruitment and succession planning;
  - Annual Assurance Statement;
  - Disposals; and
  - Updated Group IRR rates.

### 2. Authorising context

- 2.1 The Group Board is responsible for agreeing the overall governance Framework for the Group. This is reflected in the requirement for the Annual Assurance Statement (“the Statement”) to be submitted to the Scottish Housing Regulator (“SHR”) at Group level. As such, the statement is reserved to the Group Board for approval.
- 2.2 The Board is responsible for the agreement of its 3-year succession plan, which is thereafter subject to agreement by the Group Remuneration Appointments, Appraisal and Governance Committee. In the case of the Chair succession, this is directly linked to the Group Board’s succession plan and subject to Group Board approval.
- 2.3 The Board is responsible for agreeing the criteria for development activity which set the parameters for the Group Development Committee. The criteria include return hurdle rates which are set at Group level.
- 2.4 Under the terms of Transforming Communities: Glasgow (TC:G) Members Agreement, both Glasgow City Council (GCC) and GHA are required to commit all receipts of land held by the parties within the TRAs to TC:G for the benefit of the Programme, rather than being drawn off by GCC or GHA for other purposes. However, we still require the Board to formally approve the disposal.



### **3. Risk appetite and assessment**

- 3.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”.
- 3.2 We mitigate this risk through having clearly defined roles and responsibilities across our governance framework and regularly updating the Board on governance related matters.

### **4. Background**

- 4.1 We are required to produce a Statement annually, taking into account the associated requirements of the Framework and statutory guidance. For this year’s Statement, the Framework includes some temporary changes for 2020/21 only.
- 4.2 We have been engaging all Boards across the Group regarding our governance arrangements, and the associated implications for compliance with the Framework, since the onset of the pandemic. This has included implications for our recruitment and succession planning.

### **5. Discussion**

#### Recruitment and succession planning

- 5.1 We currently have vacancies for two tenant Board members. We have now completed the recruitment process which culminated in the Chair, supported by the Group CEO, virtually interviewing multiple candidates for each vacancy.
- 5.2 The process concluded with 2 individuals being identified as having relevant skills and experience, John Bannon MBE and Lara Lasisi.
- 5.3 John has considerable Board/Committee experience, primarily in the health sector, including as a Non-Executive of the Greater Glasgow Health Board and Community Council Chair. He was awarded a MBE for services to the NHS and community of Glasgow.
- 5.4 Lara has a good understanding of GHA as a member of our African Housing Forum and Group Scrutiny Panel. She has previously presented to the Group Board on behalf of the Panel.
- 5.5 John and Lara are proposed for appointment to the GHA Board with their induction to commence immediately and February being their first meeting cycle. This would take the Board to our full capacity.
- 5.6 In terms of our wider Board composition and succession plan, this will be reviewed in full to reflect the potential changes agreed by the Board as part of the potential new Glasgow platform.

- 5.7 As part of the review of the overall Group Board 3-year succession plan and the tenure extensions, the Group Board agreed to grant extensions to the 5-year chair tenure limit to a number of Chairs. This was on the basis that the extensions are not a material breach of the SHR Regulatory Framework and the exceptional circumstances require continuity.
- 5.8 As part of this a 2 extension for Bernadette Hewitt beyond the 5-year limit was agreed. This would permit Bernadette to serve as Chair until 2023, but remain within her overall 9-year tenure limit. This remains subject to continued effective performance in the role. The Board is asked to confirm its agreement to the succession plan being updated to assume Bernadette Hewitt remaining as Chair until 2023.

#### Annual Assurance Statement

- 5.9 As part of the revision to the SHR's Framework, the requirements relating to the Statement were amended. The submission deadline was extended from the end of October to the end of November. Additionally, the SHR recognised that:

*"Given the circumstances, it may be that the level of external, independent assurance could be less than the previous year. However, in most cases it would be appropriate for governing bodies and committees to place reliance on some or all of the independent, external assurance received for the previous year's assurance statement."*

- 5.10 As with the previous year's Statement, it covers all RSLs in the Group and it is for the Group Board to determine whether, under the circumstances, any non-compliance is sufficient to be considered 'material'. In assessing materiality we have based this on the SHR's Statutory Guidance which states we should consider whether the issue could:

- *seriously affect the interests and safety of tenants, people who are homeless or other service users;*
- *threaten the stability, efficient running or viability of service delivery arrangements;*
- *bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and*
- *in the case of RSLs, put at risk the good governance and financial health of the organisation.*

- 5.11 Taking into account the current SHR Framework and Guidance the Group Board agreed the following Statement:

*The Group Board considered evidence at its meeting on 28 October 2020 and confirmed we have appropriate assurance that all Registered Social Landlords which are part of Wheatley Housing Group Limited (being Wheatley Housing Group, GHA, Dunedin Canmore Housing, Cube Housing Association, Dumfries and Galloway Housing Partnership, Loretto Housing Association and West Lothian Housing Partnership) materially comply with:*

- *all relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework;*
- *all relevant standards in the Scottish Social Housing Charter; and*
- *taking into account the current guidance and restrictions relating to the Covid 19 pandemic, all relevant legislative duties*

The Covid 19 pandemic has impacted the planned achievement of the Scottish Housing Quality Standard for all Dumfries and Galloway Housing Partnership stock. Full compliance is expected to be achieved early in 2021/22.

The spreadsheets attached at Appendices 1-3 document:

- a breakdown of the compliance requirements associated with 3 areas identified in the statement;
- a summary of our self-assessment findings;
- the key sources of assurance and evidence; and
- a declaration of our compliance status.

The appendices relate to the following areas:

- Appendix 1 Self-assessment against Chapter 3 Section 1;
- Appendix 2 Self-assessment against Chapter 3 Section 2 – Regulatory Standards of Governance and Financial Management; and
- Appendix 3 Self-assessment against Chapter 3 Section 3 – Constitutional requirements.

- 5.12 Our declaration and sources of assurance are the same as the previous year for the vast majority of the requirements. This reflects the fact that the obligations are recurring and we have correspondingly set up recurring means to achieve compliance. Within this context and in keeping with the SHR guidance we have therefore placed some reliance on external or independent assurance undertaken in previous years. This is in addition to in year assurance in areas such as Cyber Security, the annual KPMG external audit, Chatham Financial advice on our Treasury Management Policy review and external legal advice on a range of areas such as our constitutional changes, funding activity and external reviews on our demand analysis assumptions by both Retties (for MMR/PRS) and Indigo House (for Dumfries and Galloway).
- 5.13 As these were subject to detailed Group Audit Committee and Board review last year, the additional detail on the statement below focuses on changes or new issues which have emerged in year and the non-Framework related compliance requirements:

## Covid-19

### *Service model*

- 5.14 The pandemic has had implications for our service model as we have had to adjust our operating model to comply with the associated restrictions. As a result of this, we had to adjust service levels, particularly in areas such as repairs and environmental services.
- 5.15 As part of this process, the Board has discussed and agreed the Operating Model and approach to remobilisation. We have considered the implications our revised service models have had in relation to compliance with the Social Housing Charter ("the Charter") and 'all relevant legislation'.
- 5.16 On the basis that we have sought to balance delivering as full a service model as possible with complying with the restrictions in place and appropriately protecting both our tenants and staff we have not assessed this resulting any level of 'material' non-compliance.
- 5.17 We have maintained an emergency repairs service and throughout the pandemic we have where possible strengthened our compliance at the earliest opportunity such as transitioning gas safety check to forced entry, other than those who are shielding, where appropriate to do so.

### *Governance*

- 5.18 We agreed changes to constitutions across the Group as part of our response to the pandemic. As part of this we had to balance achieving the overarching Regulatory Standard (6) of having appropriately skilled and knowledgeable governing bodies with specific elements of the Framework regarding tenure.
- 5.19 As part of this, the Group Board agreed that, in recognition of the exceptional circumstances, we extend some RSL Board Chairs beyond the SHR's 5 year tenure limit for Chairs and adjust our own absolute 9 year tenure limits. As part of this, the Group Board agreed this represented a 'non material' breach on the basis that it does not represent a permanent change, rather one off, time bound extensions in recognition of the circumstances.
- 5.20 We also made a series of other constitutional changes. As part of this process individual Boards, including ourselves, considered the implications for compliance with the Framework. All changes were agreed by members at the subsequent Special General Meetings.

## Social Housing Charter

- 5.21 The Charter, distinct from the Framework, contains a total of 16 outcomes and standards that social landlords should aim to achieve. As two of the standards only apply to Local Authorities, 14 apply to us. A copy of the standards is attached at Appendix 4. The Statutory Guidance in relation to the Statement requires us to also include a statement of compliance with the Charter.

- 5.22 The SHR sets a wide range of specific performance measures RSLs must collect as part of compliance with the standards in the charter. The measures form what we report to the SHR each year as part of the Annual Return on the Charter.
- 5.23 The Charter measures are augmented by the SHR prescribing a wide range of specific questions that RSLs must ask as part of their tenant satisfaction surveys relating to the Charter standards. It is not a requirement to conduct this survey annually therefore our approach for this year does not impact our compliance.
- 5.24 We therefore have in place a very robust approach to assurance and evidence of how we are performing relative to the charter. The key issues in relation to the Charter relate to the implications of DGHP's progress against SHQS and the changes to our Operating Model which are covered previously in the report.

#### All relevant legislative duties.

- 5.25 This requirement of the statement is, by its nature, very wide ranging. Our approach to compliance in this area is a combination of the legal framework for our activities and our internal policies, which give substance to the respective laws and regulations. Policies are reviewed by expert internal staff and, where appropriate, by external advisors. We also routinely engage external expertise in complex, non-core areas such as fundraising and FCA related activity.
- 5.26 In order to monitor compliance we operate a 4 Lines of Defence Model that provides assurance to senior management and Board members about the operation of internal controls in place to confirm the Group's meeting legal obligations.
- 5.27 Beyond our core 4 Lines of Defence Model, we are subject to external scrutiny for example through the annual external audit process in specific areas of legislation and spot inspections, such as HMRC.
- 5.28 We have not had any instances where a judgement has gone against the Group that we are materially not meeting legislative duties.
- 5.29 The pandemic has impacted our legislative duties, such as through new acts introduced and derogations granted to existing legislation. These changes have been monitored on an ongoing basis and have been supported by updates to the Board on the substance of the changes and how we will comply with them.

#### Disposals

- 5.30 The Board received a detailed update on the Transformational Regeneration Areas ("TRAs") and how they operate at its meeting in October 2019. As part of this, it was confirmed that the Members' Agreement obligates us, and the other members Glasgow City Council and Scottish Government, to dispose of sites within the TRA areas and recycle the land receipt into Transforming Communities: Glasgow.

- 5.31 We assume nil value for land in TRA Areas on this basis. However, as this is a disposal it remains reserved to the Board where it is over £150k. Given the nature of the disposals relating to TRA areas, it is proposed that in order to expedite them and have greater flexibility disposals of this nature are delegated to the Group Director of Property and Group Director of Finance.
- 5.32 Any such disposals would remain subject to full review and be reported to the Board at the next meeting thereafter.

#### Group IRR rate

- 5.33 As part of the criteria we set for development projects we apply the Group wide Internal Rate of Return ("IRR"). The Group Development Committee's authority to approve projects is based on a number of criteria agreed by the Board, of which this is on.
- 5.34 [redacted]

### **6. Key issues and conclusions**

- 6.1 The updates and proposals in the report allow us to maintain a strong focus on having clear and robust governance arrangements.

### **7. Value for money implications**

- 7.1 There are no value for money implications arising from this report.

### **8. Impact on financial projections**

- 8.1 There is no financial impact associated with this report.

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

- 9.1 The legal and regulatory implications are set out in the body of the report.

### **10. Partnership implications**

- 10.1 The proposed delegations will allow us to increase our agility and flexibility as part of the TC:G partnership with Glasgow City Council and the Scottish Government.

### **11. Implementation and deployment**

- 11.1 The proposals within the report will be effected immediately.

### **12. Equalities impact**

- 12.1 As part of our Board recruitment process we actively seek to engage with as diverse a range of prospective candidates as possible. We are also in the process of refining our Board recruitment approach across the Group as part of the implementation of our Group Equality and Diversity policy.

## **13. Recommendations**

### **13.1 The Board is asked to:**

- 1) Approve the appointment of John Bannon MBE and Lara Lassisi;
- 2) Approve the update to the Board three-year succession plan to extend the Chair until 2023;
- 3) Note the Group Annual Assurance Statement;
- 4) Agree to delegate authority for TRA related disposals, including document execution, to TC:G to the Group Director of Property and Group Director of Finance; and
- 5) Note the Development Project approval criteria will be updated to reflect the new Group IRR rate.

### **List of Appendices**

Appendix 1 - Self-assessment against Chapter 3 Section 1

Appendix 2 - Self-assessment against Chapter 3 Section 2 – Regulatory Standards of Governance and Financial Management

Appendix 3 - Self-assessment against Chapter 3 Section 3 – Constitutional requirements

Appendix 4 – Social Housing Charter [redacted but available at <https://www.gov.scot/publications/scottish-social-housing-charter-april-2017/> ]

The constitution of the RSL must comply with all legislative requirements under the 2010 Act (which are not replicated here) and the following regulatory requirements:	Self-Assessment Commentary	Evidence and sources of assurance	Self Assessment
	All RSL rules take into account the SFHA Charitable Model Rules, subject to us ensurign that the reflect our own needs. All constitutions are subject to a) review by individual Baords b) review by our external legal advsiors, and c) agreement by members.		Compliant
1. It sets out clearly the RSL’s purpose, objects and powers.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
2. The RSL is able to fulfil its obligations in terms of its legal status and (if relevant) its obligations as a registered charity. These obligations and how they will be met are set out in the constitution.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
3. There is a system for keeping accounts and ensuring an independent audit by an appropriately qualified person. There is a proper procedure for appointing an auditor. The governing body should take whatever measures are necessary to ensure the continuing independence of the auditor including periodic review of the need for audit rotation. The RSL must send a copy of its accounts and the auditor’s report to us within six months of the end of the period to which they relate.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
4. It is clear what investments and borrowing the governing body can authorise.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
5. There is a procedure for dealing with disputes on matters contained within the constitution.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
6. It is clear how changes can be made to the constitution.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
7. It is clear how the RSL can be closed down.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	
8. The RSL can demonstrate its governance and financial arrangements are such as to allow the Regulator to regulate effectively, and exercise our full regulatory powers.		All RSL Rules/Articles of Association and supporting Board papers at time of approval.  Harper MacLeod are involved in the preperation of all constitutional changes.	Compliant
In relation to an RSL within a group structure:			
9. Each organisation within the group must have a distinct legal identity and separate constitution. The constitutional and financial relationships between all organisations in the group (registered or non-registered) must be documented formally and in terms that are transparent and understandable.		All RSL Rules/Articles of Association	Compliant
10. If any of the organisations within the group are charities, the RSL’s role and relationships with other group members are consistent with charity law.		All RSL Rules/Articles of Association	Compliant
11. The constitutions of group members must enable the parent to exercise control and to take corrective action where required.		All RSL Rules/Articles of Association	Compliant
12. There are procedures in place designed to avoid conflicts of interest, particularly where members of the subsidiary’s governing body are also members of the parent’s governing body.		All RSL Rules/Articles of Association	Compliant
13. Where it is constituted as a subsidiary of another body, the RSL’s constitution permits control by the parent but with sufficient independence to carry out its business, within limits set by the parent.		All RSL Rules/Articles of Association	Compliant
With regard to the governing body of the RSL and the members of the governing body:			
14. Recruitment to the governing body is open and transparent. It is clear who is eligible to become a member of the governing body and how to become a member of the governing body whether by election, nomination, selection, etc and how membership is ended. There is a procedure for removing members from the governing body.		All RSL Rules/Articles of Association	Compliant
15. There is a procedure by which members stand down from the governing body to allow for a turnover in membership. Governing body members are appointed for specific terms subject to re-election or re-appointment.		All RSL Rules/Articles of Association	Compliant
16. The membership of the governing body must be no fewer than seven and not normally exceed 15 members, including co-opted members. Names of the governing body members must be accessible to the public.		All RSL Rules/Articles of Association	Compliant
17. The powers and responsibilities of the governing body are clearly set out.		All RSL Rules/Articles of Association	Compliant
18. The roles, powers and responsibilities of governing body office bearers are set out. And any delegation to committees or staff are clearly set out in standing orders and delegated authorities.		All RSL Rules/Articles of Association	Compliant
19. There are provisions for the RSL to remove a governing body member who does not sign up to the code of conduct and to take action against or remove a governing body member in breach of the code.		All RSL Rules/Articles of Association	Compliant
20. Where the constitution allows executive staff on to the governing body, they must be excluded from holding office, and cannot form a quorum or a majority. Executive members of the governing body should not receive any additional payment for their governing body role over and above what they are entitled to under their contract of employment.		All RSL Rules/Articles of Association	Compliant
21. It is clear what types of meetings can and should be held and their purpose. There are clear procedures to call all meetings, and it is clear what the quorum of meetings should be, how resolutions will be passed, and decisions recorded, and how many meetings should take place each year, subject to a minimum of six governing body meetings a year.		All RSL Rules/Articles of Association	Compliant
22. The governing body cannot act for longer than two months if its membership falls below seven. If at the end of that period it has not found new members then the only power it will have is to act to bring the governing body members up to seven.		All RSL Rules/Articles of Association	Compliant



23. There is a clear process to identify and address any conflicts of interest on the governing body.		All RSL Rules/Articles of Association	Compliant
24. The Chairperson's role is set out formally; the Chairperson is responsible for the leadership of the governing body and ensuring its effectiveness in all aspects of its role. There is a clear process to select the Chairperson, who cannot be an executive member, and must not hold office continuously for more than five years.		All RSL Rules/Articles of Association	Compliant
25. If the RSL pays any of its non-executive governing body members then it must ensure that: a) the governing body takes account of independent guidance in setting payment amounts and can demonstrate value for money; b) the payments are linked to specified duties and there is a clear process for assessing performance in carrying out these duties; c) details of governing body payments are published in the RSL's annual accounts; and d) where an RSL has subsidiaries it must ensure any payments and benefits to subsidiary governing body members are included in the policy. Charitable RSLs must comply with the Charities and Trustee Investment (Scotland) Act 2005 and any associated guidance from the charity regulator when considering payments or benefits to charity trustees.		All RSL Rules/Articles of Association	Compliant
26. The role and status of co-optees is set out. Co-optees do not form part of any quorum required for meetings of the governing body and may not vote on matters directly affecting the constitution and membership of the organisation or the election or appointment of its office bearers.		All RSL Rules/Articles of Association	Compliant
<b>With regard to the general membership of the RSL:</b>			
27. It is clear who is eligible to become a member of the RSL and who cannot, and it is clear how to become a member and how membership is ended. Names of the members must be accessible to any other member or anyone with an interest in the RSL's funds.	This is detailed through a combination of constitutions and membership policies	All RSL Rules/Articles of Association - Membership policies	Compliant
28. Membership of the RSL should reflect the purpose and objects of the RSL.	Members for GHA and WHG are the Board, so by definition reflect the purpose and objects as they set them - Other RSLs have membership policy which set out the membership. Membership primarily open to tenants, Board members and the Parent .	All RSL Rules/Articles of Association - Membership policies	Compliant
29. There is a clear procedure, including the quorum and voting procedure, for the membership of the RSL to meet and it is clear what business the membership can discuss and what decisions it can make, subject to a minimum of one annual meeting.	Clearly detailed within each constitution	All RSL Rules/Articles of Association	Compliant



## Report

**To:** GHA Board

**By:** Jehan Weerasinghe, GHA Managing Director

**Approved by:** Martin Armstrong, Group Chief Executive

**Subject:** Corporate Risk Register

**Date of Meeting:** 6 November 2020

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### 1. Purpose

- 1.1 To seek approval for updates to the Corporate Risk Register.

### 2. Authorising context

- 2.1 In accordance with the Group Authorise/Monitor/Manage Matrix, the Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework. The GHA Board (the Board) is responsible for managing and monitoring its Corporate Risk Register and Risk Appetite in accordance with the Group Risk Management Framework.
- 2.2 Risk registers are in place across the Group and are reported to each subsidiary board on a bi-annual basis.

### 3. Risk appetite and assessment

- 3.1 Our agreed risk appetite in relation to Board Governance is “cautious”, meaning that tolerance for risk taking is limited to events where there is little chance of any significant repercussion should there be a failure.

### 4. Background

- 4.1 Under its Terms of Reference, the Group Audit Committee is responsible for monitoring and reviewing the risk-management framework within the Group. The Wheatley Group Board approved changes to the Strategic Risk Register at its meeting in August 2020. These risks have been considered when updating the Corporate Risk Register.

## 5. Discussion

5.1 Key strategic risk areas have been identified through a high-level review of our evolving strategies, operational risks and the current operating environment. A full copy of the proposed Corporate Risk Register is included at **Appendix 1**. This includes details of existing mitigating controls and residual risk scores.

5.2 The following table provides a summary of the corporate risks including (i) changed risks, and (ii) unchanged risks.

<b>Risk Code</b>	<b>Risk Title</b>	<b>Risk title and summary of change</b>
<b>Removed</b>		
GHA01	Implementation of MyRepairs	Risk removed until service remobilisation complete and full MyRepairs project resumed.
<b>Added</b>		
GHA05	Service remobilisation post Covid-19	New risk added to reflect current challenges associated with remobilisation of services following lockdown.
GHA06	Ongoing threat of future waves of Covid-19	New risk added to reflect unknown business environment associated with future waves of Covid-19.
GHA07	New operating model implementation	New risk added to reflect risks associated with planned organisational change delivery.
GHA08	Customer satisfaction	New risk added to reflect Group and GHA's view that strong customer satisfaction is a key strategic objective.
GHA09	Post-2021 Housing Policy and Grant availability	New risk added to reflect new risk included within Group's Strategic Risk Register.
GHA21	Group Credit Rating	New risk added to reflect revised financial risks within Group Strategic Risk Register.
<b>Changed</b>		
GHA02	Rent arrears including Universal Credit	Amended to reflect risks associated with loss of income and updated controls in place. New residual risk score.
GHA03	Information and Communications Technology	Reference to new Group Strategy updated to show new dates.
GHA04	Governance structure	Risk and controls updated to reference work to recruit / build capacity of tenant board members.
GHA13	Political and Policy Changes	Risk and controls descriptions updated to reflect latest position.

<b>Risk Code</b>	<b>Risk Title</b>	<b>Risk title and summary of change</b>
GHA15	Pension Contributions	Risk and controls descriptions updated to reflect potential impact of required additional pension contributions.
GHA16	Building safety	Risk and controls descriptions updated to focus on measures in place to protect health and safety of customers and staff. New residual risk score.
GHA18	Brexit trade deal	Updated risk and controls to reflect latest position.
GHA19	Securing new funding and adverse market changes	Updated risk and controls to reflect latest position, consistent with Group Strategic Risk Register. New inherent and residual risk scores.
GHA20	Compliance with funders' requirements	Updated risk and controls to reflect latest position, consistent with Group Strategic Risk Register. New inherent and residual risk scores.
GHA22	Cyber security	Risk and controls updated to reflect latest risk and additional controls in place. New inherent risk score.
<b>Unchanged</b>		
GHA10	Commercial Operations	<i>No change</i>
GHA11	Laws and regulations	<i>No change</i>
GHA12	Failure to recruit, develop, retain and succession plan	<i>No change</i>
GHA14	Business Continuity / Disaster Recovery	<i>No change</i>
GHA17	Stock profile and demand	<i>No change</i>
GHA23	New Build Programme	<i>No change</i>

## **6. Key issues and conclusions**

- 6.1 The updated risk register at Appendix 1 is presented to the Board for approval.

## **7. Value for money implications**

- 7.1 There are no direct implications arising from the requested approval of the Corporate Risk Register.

## **8. Impact on financial projections**

- 8.1 No direct financial implications result from the management and review of the Corporate Risk Register. Any actions taken by management to mitigate risks, which have financial implications, would be presented to the Board separately.

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

- 9.1 The effective management of risk satisfies the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, which requires governing bodies to identify and mitigate risks to the organisation's purpose.

## **10. Partnership implications**

- 10.1 There are no direct partnership implications arising from this report.

## **11. Implementation and deployment**

- 11.1 The Board has responsibility for the management and monitoring of corporate risks. However, it is incumbent upon all management teams and employees to embrace "good practice" risk-management principles at all times.

## **12. Equalities impact**

- 12.1 There is no impact to equalities arising from this report.

## **13. Recommendation**

- 13.1 The Board is asked to agree and approve the revised Corporate Risk Register.

## **List of Appendices**

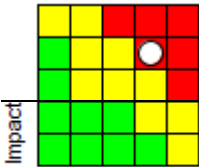
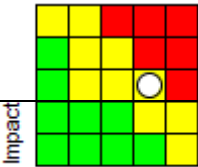
Appendix 1 – GHA Corporate Risk Register – Draft for Approval

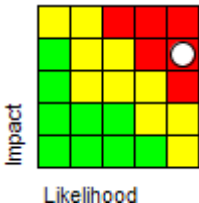
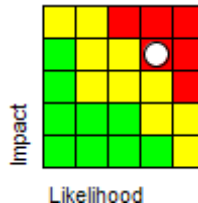
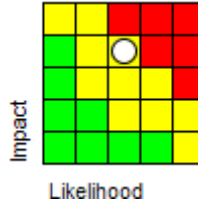
Appendix 2 – Risk Scoring

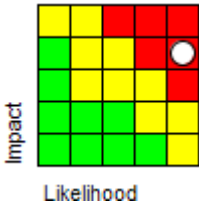
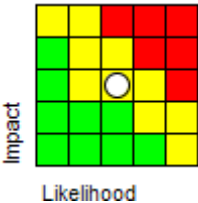
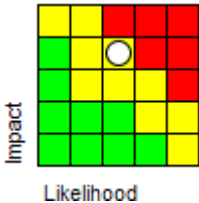
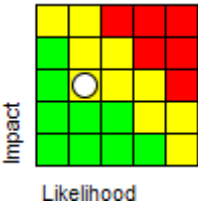
Appendix 3 – Risk Appetite Definitions

## Appendix 1

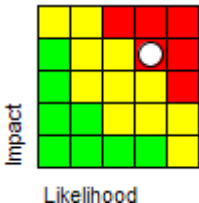
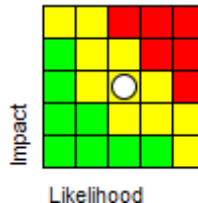
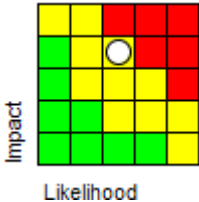
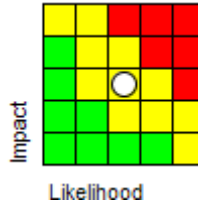
### Corporate Risk Refresh November 2020

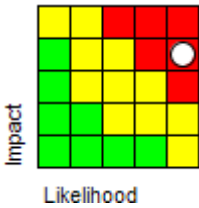
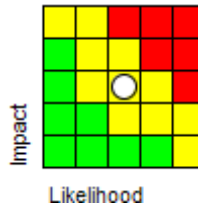
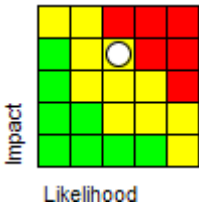
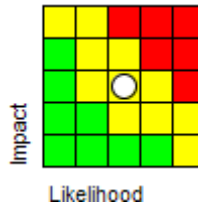
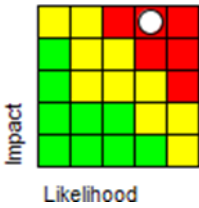
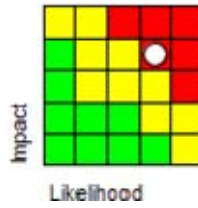
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA01 Implementation of the My Repairs	<p><b>Financial and operational performance</b> – Failure to achieve agreed financial performance targets could lead to increased operational and financial risk to the Group.</p> <p><b>Operating environment and cultural change</b> – Moving from a client / contractor relationship to a single operating vehicle will naturally bring a change in culture. This could lead to increased operational risk in time taken to embed new operating processes and different ways of working.</p> <p><b>Clarity on roles, responsibilities and access rights</b> – A lack of clarity on roles and responsibilities leads to operational inefficiency and poor decision making, impacting on both customers and staff. Relationships with Trade Unions may become more complex and difficult as roles and responsibilities change leading to increased operational risk in terms of service delivery if for example staff opt to undertake strike action. Potentially presenting unwanted media attention and increased reputational risk for the Group.</p> <p>My Repairs may not deliver customer satisfaction.</p>	 <p>Impact</p> <p>Likelihood</p>	<ul style="list-style-type: none"> <li>-Monitoring achievement of the My Repairs implementation plan</li> <li>-Financial performance monitoring monthly management accounts by Finance, to identify variances and necessary corrective actions</li> <li>-Financial monitoring by Group Board quarterly</li> <li>-Monitoring of operational effectiveness by My Repairs Senior Management and My Repairs Assurance team</li> <li>-Organograms detailing operating and reporting structures to be developed and made available to all staff</li> <li>-On-going sessions with all My Repairs staff as part of culture change activities</li> <li>-Rigorous governance and oversight of operational and financial performance</li> <li>- My Repairs HR personnel regularly meet with Trade Union representatives to discuss staff satisfaction, morale and concerns which need addressed</li> <li>-Meetings with Trade Unions are minuted and actions addressed in a timely manner. Outcomes are subject to robust monitoring by My Repairs HR.</li> </ul>	 <p>Impact</p> <p>Likelihood</p>	Hungry

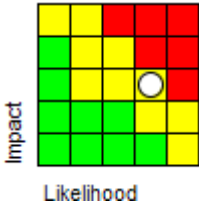
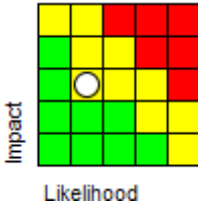
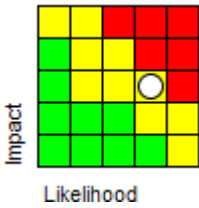
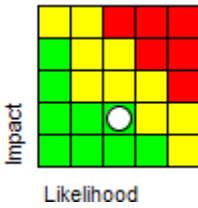
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA02 <del>Welfare Reforms</del> Rent arrears including Universal Credit	<p>The impact of Covid-19, as well as the continued expansion of Universal Credit, continue to impact on our rental income stream and increase our arrears.</p> <p>This also has negative impacts for customers, with increasing financial hardship.</p> <p><del>Welfare Reforms such as Universal Credit reduce our guaranteed income stream from Housing Benefit and potentially the overall percentage of rent collected, which may adversely impact the Group's cash flow, leading to a reduction in lenders' confidence and increased poverty and affordability issues for our customers.</del></p>		<p>Staff across the Group – including GHA's frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the wider issues with Universal Credit or for other reasons.</p> <p>This includes a dedicated Universal Credit team, use of GoMobile for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding environment.</p> <p>Our small housing patch sizes provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice, as required.</p> <p>The GHA business plan also contains a buffer within its assumptions for risk in relation to bad debts and rent arrears.</p> <p>GHA staff have the office in their hands with GoMobile, and so can deliver service in the field. Online service portals are more accessible and g housing officers are becoming more available.</p> <p><del>The Group continues to oversee and coordinate activities across GHA to mitigate the impact of welfare reform. This includes Welfare Benefit Advisers and the "My Budget" banking services pilot plus working with partners to influence the UK and Scottish policy and funding environment.</del></p> <p><del>The GHA business plan also contains a buffer within its assumptions for risk in relation to bad debts. GHA works with key partners to assess impact to GHA, sharing impact information with partners who are lobbying Government directly.</del></p>	 <p>New:</p> 	Hungry

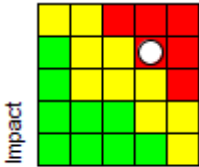
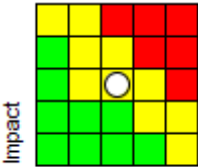
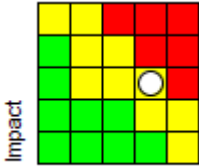
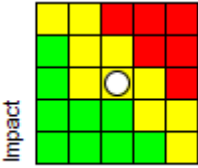
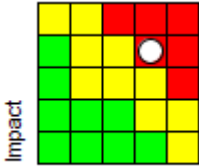
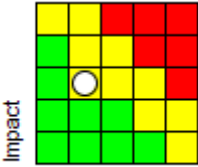
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
			<del>An action plan has also been created to mitigate the impact of Universal Credit and will be monitored closely by Senior Management.</del> <del>A Universal Credit Specialist team has been established to lead innovation and support for customers.</del>		
GHA03 Information and Communications Technology	Failure to transform services, as detailed in the Group IT and Digital Strategy by the innovative use of Information and Communications Technology to keep pace with the changing demands of internal and external service users.		<p>The Group IT &amp; Digital Strategy (2017 – 2020) is in place which details key delivery milestones to be achieved by responsible managers.</p> <p>Infrastructure and project management disciplines are now embedded.</p> <p>The ET and Wheatley Board continue to monitor the delivery of the Strategy.</p> <p>Group Assurance to provide assurance over the progress of key projects within the Strategy with reports going to the Audit Committee.</p> <p>Proposed Actions:</p> <p>New technology strategy for 2021 - 26 2020-25 is being drafted.</p>		Open
GHA04 Governance structure	The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. <b>Failure of recruitment / capacity building to tenant board members or failure of other corporate governance arrangements could lead to serious service and financial failures.</b>		<p>The Group's authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused. Governance training is provided as appropriate.</p> <p>Formal succession planning for Board members <del>being developed in place.</del> <b>GHA has recently appointed two new tenant Board Members following a recruitment exercise.</b> Governance arrangements are regularly reviewed by external consultants, internal and external audit functions.</p> <p><b>Proposed actions:</b></p> <p><b>Review existing GHA arrangements in line with emerging engagement framework to reflect current customer base.</b></p>		Open

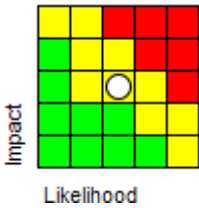
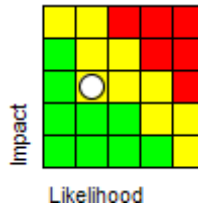
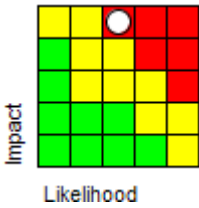
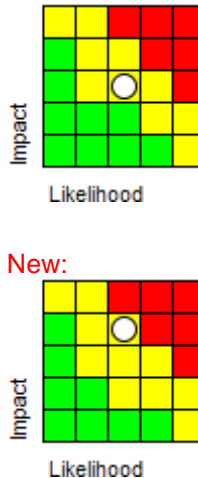


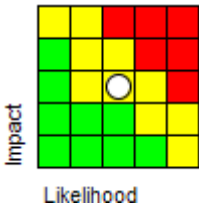
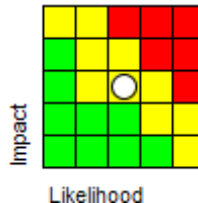
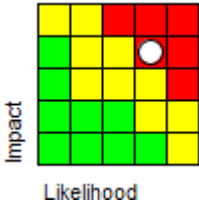
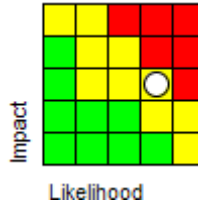
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA05 Service remobilisation post Covid-19	<p>A lack of clear planning, coherence and communication with staff and customers in our service remobilisation planning as we move through the Scottish Government's Covid recovery phases could lead to:</p> <ul style="list-style-type: none"> <li>• poor or inconsistent service outcomes</li> <li>• customer and staff confusion and frustration, including an increase in complaints</li> <li>• risks to customer and staff health and safety (for example if PPE requirements are not properly understood and delivered)</li> <li>• deterioration in trade union and stakeholder relationships</li> </ul>		<p>Service remobilisation plans must meet strict criteria and be approved by the Exec Team. Governance oversight is provided by all Boards. Services cannot move between different stages of remobilisation without a full review of lessons learned from the previous stage and a further gateway approval from the Exec Team.</p> <p>The following are key components of each service's remobilisation plans and must be approved by the Exec Team at each stage:</p> <ul style="list-style-type: none"> <li>• Health and safety implications/forecast requirements of PPE can be met</li> <li>• Furloughing implications are agreed and understood</li> <li>• Customer views from the previous stage service model have been assessed and any lessons learned understood</li> </ul> <p>Trade union partners have endorsed the proposals for remobilisation.</p> <p>Locality Directors have been tasked with ordering IT equipment and making arrangements for return to work for furloughed staff. Income / Lettings etc plans include subsidiary specific plans.</p>		Cautious
GHA06 Ongoing threat of future waves of Covid-19	<p>The risk of future waves of Covid-19 along with the risk of a second period of lockdown; potentially through winter months may result in previously remobilised services being paused. For example, a reduced ability to let homes will result in reduced income.</p>		<p>Through lessons learnt from previous lockdown and remobilisation, services are planning for future waves. In addition, business continuity plans are being revisited to plan for future waves.</p> <p>Housing officers can now deliver services from home. Targeted visits to hard-to-engage customers when allowed by Government guidelines. Housing officers can now take payments in Astra, without need to engage CSC colleagues.</p>		Cautious

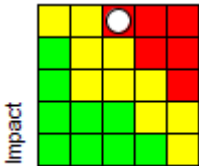

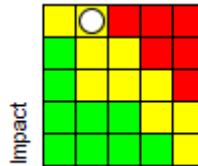
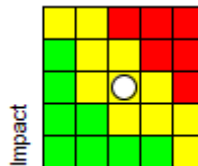
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA07 New operating model implementation	The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.		<p>A detailed implementation and communications plan has been developed as part of the change process. This includes the approach to communicating with all staff involved.</p> <p>Trade Union partners have been consulted and are supportive. We will continue to engage with our Union partners throughout the process.</p>		Open
GHA08 Customer satisfaction	Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining customer satisfaction.		<p>Customer service excellence is a key element of the 2015-20 GHA and Group strategies, with annual customer satisfaction surveys to help us understand customer views and detailed action plans to address feedback every year. This will continue as part of our 2021-26 strategy, augmented by a range of new approaches to improve satisfaction among particular target groups such as young families.</p> <p>Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach.</p> <p>Our housing stock investment programme includes provision for addressing customer priorities.</p>		Hungry
GHA09 Post-2021 Housing Policy and Grant availability	There is a risk that that without sufficient Scottish Government financial support we may be unable to deliver some of the objectives in our 2021 – 2026 Strategy in relation to energy efficiency.		<p>Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH.</p> <p>Financial scenario planning in place to understand potential impact on our investment programme under a variety of grant scenarios.</p>		Cautious

Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA10 Commercial Operations	New Strategy for Commercial Operations is not aligned to delivering outcomes required by GHA		<p>Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives.</p> <p>Levels of performance are monitored by Divisional Management Teams (DMTs), Executive Team (ET) and the relevant Boards as well as Group Board.</p>		Cautious
GHA11 Laws and Regulations	Non-compliance with statutory law and regulations, including Scottish Housing Regulator and Care Inspectorate regulations and Financial Conduct Authority (FCA) regulations resulting in adverse feedback, loss in confidence from Regulator, the Scottish Information Commissioner, Freedom of Information Act, compliance with General Data Protection Regulation (2018), funders, customers and potential partners, as well as potential fines and penalties.		<p>A Group wide Scottish Housing Charter Assurance process is being established supported by the Tenant Scrutiny Panel reviewing outcome.</p> <p>FCA regulations are considered when new products and services are developed.</p> <p>New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group/ GHA Board.</p> <p>Legal and financial advice is obtained for all financial offerings to customers.</p> <p>Compliance Plan monitored on an ongoing basis and any issues raised to Executive Team and Audit Committee on an exception basis. The Group has ongoing relationship management with Regulator.</p> <p>Group wide approach to how the Group manages information.</p> <p>Privacy Impact Statements to be implemented across the Group.</p> <p>Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (eg. external wall coverings), to ensure these meet relevant building standards.</p> <p>Annual assurance statement provides a source of assurance for non-compliance.</p>		Minimal

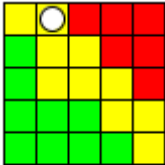
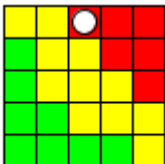
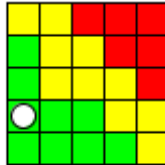
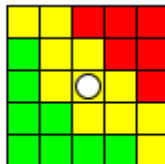
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA12 Failure to recruit, develop, retain, and succession plan	GHA has an ageing workforce, which could result in knowledge 'Gaps', as well as loss of skilled workers via ER/VR.  Failure to recruit, develop, retain high quality / qualified staff, may also result in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives.	 Impact Likelihood	My Contribution in place for all staff / Training Logs for all staff / Training courses at the Academy and online / Leadership Development programme / Succession Planning and talent management programme / HR policies on recruitment and selection / IGNITE Graduate Programme to bring in new talent / Employee satisfaction surveys.	 Impact Likelihood	Open
GHA13 Political and Policy Changes	The risk that political and policy changes (within Scotland and the UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.  For example: Brexit will result in the withdrawal of EU grant funding which will affect the Group's total income. has reduced the amount of EU grant subsidies available to UK organisations. In addition, European Investment Bank clauses may be activated following Brexit resulting in the need to find alternative funding arrangements.  Additional examples – Changes to Housing Legislation including Landlord responsibility for Fire Safety.	 Impact Likelihood	The current policy and national political environment brings a degree of uncertainty.  The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise. This includes an existing plan to raise additional capital to provide further risk mitigation for the Group.  The Group's policy of not building homes for sale also mitigates potential property market risk.	 Impact Likelihood	Cautious
GHA14 Business Continuity / Disaster Recovery	GHA does not have adequate or tested Business Continuity / Disaster Recovery plans in place for key business activities, including those with significant contractors, resulting in significant disruption to service and avoidable reputational damage.	 Impact Likelihood	A business continuity implementation Group is responsible for collating, reviewing and designing the Group's and GHA Disaster Recovery and Business Continuity Plans.  A programme for annual live testing of these plans exists and is monitored by Lead Director.	 Impact Likelihood	Cautious

Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA15 Pension Contributions Deficit	Increases in the <b>required pension contributions</b> pension deficit for all Group pension funds, leads to potential cost pressures for the Group if <del>additional contributions to these funds are required.</del>		The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which will be the default arrangement for new joiners and auto-enrolment in future for most subsidiaries, except where prior approval of the RAAG is received.		Averse
GHA16 <b>Building safety</b> <del>Financial cost of complying with any new Fire Safety Regulations</del>	<p>The risk that the health and safety of our customers and staff is put at risk through failure to comply with all relevant building health and safety rules.</p> <p>The continuously changing nature of regulations and guidance in this area, for example in relation to fire safety, elevates the risks in relation to continuing compliance.</p> <p><del>Changes to building safety / fire safety regulations / Fire Services advice (e.g. changes to evacuation guidelines) results in (i) financial strain in complying with new additional fire safety regulations, (ii) strain on bond and loan covenant ratios and (iii) significant financial costs in terms of potential penalties as well as costs to comply with new regulations.</del></p> <p><del>This may also impact customer satisfaction if the Repairs Services is adversely impacted as a resulted of additional funding requirement.</del></p> <p><del>Impact of Scottish Government review of fire standards and Private Rented Sector (PRS) standards that we do not currently meet (e.g. 1 smoke alarm in hallway, 1 in kitchen).</del></p>		<p>External review, commissioned by the Assurance Team, of our Fire Safety arrangements every 2 years.</p> <p>Community Improvement Partnership focused on fire prevention and education.</p> <p>Business Continuity Plans.</p> <p>Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Fire Risk Assessments.</p> <p><del>-Business Planning to provide for any additional costs</del></p> <p><del>-External review of our Fire Safety arrangements</del></p> <p><del>-Community Improvement Partnership focused on fire prevention and education</del></p> <p><del>-Existence and review of Business Continuity Plans Group Fire Mitigation Strategy and Framework</del></p> <p><del>-Regular fire safety assessments</del></p> <p><del>-Two new Fire Safety Officers within Wheatley 360 Group Wide Fire Safety Charter planned (within Delivery Plan)</del></p>	<p>New:</p> 	Averse

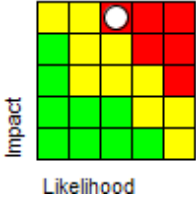
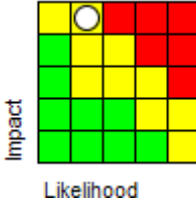
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
GHA17 Stock Profile and Demand	<p>Impact of new build within areas of existing stock - e.g. falling demand for existing stock and capability to provide existing level of service to these new builds (e.g. NETs capacity).</p> <p>Assets not fit for purpose – particular risk for older people in terms of not having the right accommodation to meet the needs of service users.</p> <p>GHA – current demand for stock and new stock profile does not meet future needs.</p>		<p>-MSF framework for GHA</p> <p>-Group Supported Living</p> <p>-Monitoring new-build</p> <p>Planned – development of a formal approach to informing future new build stock types. Ensure that subsidiary strategies and Location Plans consider the impact of new build, and adjust services accordingly.</p>		Cautious
GHA18 Brexit trade deal  Supply Chain	<p>The absence of a Brexit trade deal could result in restrictions to free trade, which could adversely impact the Group and its contractors' supply chains. Specific risks relate to availability / cost of materials and / or availability of trades.</p> <p>This could result in increased costs for new build and property investment works.</p> <p><del>A potential no deal Brexit and/ or poor Brexit deal could result in the end of, or service restrictions to trade, which could adversely impact the Group and its contractors supply chain. Specific risks relate to availability / cost of materials and / or availability of trades.</del></p> <p><del>This could result in;</del></p> <p><del>(i) <b>Repairs service</b> – delays in completions;</del></p> <p><del>(ii) <b>Investment programme</b> – delays / cost increases</del></p> <p><del>(ii) <b>New build</b> – delay to meet delivery targets / increased costs;</del></p> <p><del>(iv) <b>Operational Supplies</b> – delays in delivery / cost increases</del></p>		<p><b>General</b></p> <p>Procurement procedures include assessment of suppliers' financial health. Proactive monitoring of supply chains by Operational leads with regular contract management meetings.</p> <p>Regular engagement with Scottish Government on cost or delay impact as potential issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.</p> <p><b>Repairs Service</b></p> <p>Manage stock levels of components and materials. Engagement with key suppliers.</p> <p>Specific contingency plans for key services e.g. lifts. Local staff directly employed by CBG or DCPS</p> <p><b>Investment Programme</b></p> <p>Manage stock levels of components and materials. Engagement with key suppliers.</p> <p><b>New Build</b></p> <p>Procurement with fixed tender costs for 2019/20 site starts. New framework in procurement to maintain competitiveness.</p>		Cautious

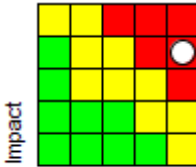
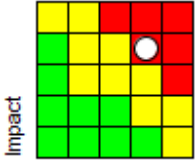
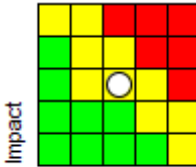
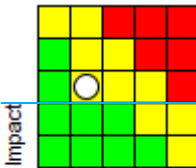
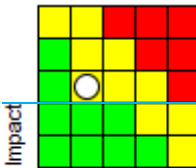
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
			<p>Engagement with SG on cost increase impact on grant applications.</p> <p>Monthly project monitoring to identify early issues relating to materials availability. Consideration of long term mitigation e.g. change of specification to locally sourced materials and components where practicable.</p> <p>Monitor availability of trades on site – consider increased site monitoring to ensure quality of workmanship.</p> <p><b>Operational Supplies</b></p> <p>Utilisation of Group and 3rd party frameworks to minimise price increase risk Engagement with key suppliers on stock levels.</p>		
<p>GHA19</p> <p>Securing new funding and adverse market changes</p> <p><del>Funding Availability</del></p>	<p>Wider economic and/or political conditions could cause deterioration in the funding market, for example another banking crisis or constitutional changes causing investor uncertainty. This could limit our ability to raise borrowing at cost-effective rates or raise the required funds to meet our liquidity Golden Rules, thereby increasing the risk that we do not have enough available cash to meet our commitments or achieve our business plan objectives.</p> <p><del>Our new £185m EIB loan has a clause that means it may no longer be available should the EIB's treaty privileges and immunities not be continued post Brexit. These are contained in the draft Withdrawal Agreement so may be at risk in a no-deal scenario.</del></p>	 <p>Likelihood</p> <p>New:</p>  <p>Likelihood</p>	<p>Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes.</p> <p>Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for 15 months + 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly.</p> <p>We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB).</p> <p>The Group's Internal Rate of Return (for appraising and approving projects) will be revised when finance costs increase to ensure new build projects do not become loss-making.</p> <p><del>Legal mitigations agreed in contract – cancellation of the loan is not automatic, EIB has the right to negotiate alternative mitigations if it wishes. We</del></p>	 <p>Likelihood</p> <p>New:</p>  <p>Likelihood</p>	<p>Averse</p> <p>Open</p>



Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
			<p>have drawn £85m of the £185m facility. We consider the risk to cancellation of availability to be higher than cancellation of drawn funds.</p> <p><del>Maintenance of strong relationship with EIB — we maintain regular contact and support EIB widely, eg in events in other member states, to cement our status as potentially a special case/relationship and our new relationship manager is known to the WHG Finance team.</del></p> <p><del>Significant alternative funding streams put in place late 2018 to provide a liquidity buffer — this includes c£150m of new funding to provide c2 years of cash requirement even without EIB. This funding boost was a key determinant in the S&amp;P upgrade from negative to stable outlook.</del></p>		
GHA20 Compliance with funders' requirements Loan Security	<p>Failure to meet/maintain the requirements of funders and investors could have a range of impacts, from default on loan agreements (i.e. covenants) to general loss of confidence. This could adversely impact on our ability to raise new funding to deliver strategic objectives.</p> <p><del>Loan security In the event of a significant housing market downturn, the value of our assets held as security for our loans could fall. This principally affects properties valued at the Market Value — Subject to Tenancy ("MV-ST") basis. We have £794m of security valued at MV-T, and £1,135m at the lower, discounted cash flow basis of Existing Use Value — Social Housing ("EUV-SH").</del></p>	 <p>Impact</p> <p>Likelihood</p> <p>New:</p>  <p>Impact</p> <p>Likelihood</p>	<p>Regular meetings with funders and investor representatives to update on financial status of the Group.</p> <p>Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders.</p> <p>Covenant compliance monitoring tool introduced by Finance.</p> <p>Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts.</p> <p>Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. In addition, ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risks of unexpected rating changes.</p> <p><del>We currently have £128m of unencumbered stock on an EUV-SH basis available to charge as additional security (which would take 6-9 months</del></p>	 <p>Impact</p> <p>Likelihood</p> <p>New:</p>  <p>Impact</p> <p>Likelihood</p>	Averse Cautious



Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls )	Risk Appetite
			to legally secure. MV-T stock requires a higher asset cover ratio than EUV-SH stock, so depending on any fall in value we may "flip" some stock to an EUV-SH basis. We continue to discuss any valuation impacts with our valuer JLL and have run a number of scenarios which show that we could reallocate existing stock and secure unencumbered stock (albeit with a time lag) to mitigate even the Bank of England's no-deal downside case of a 26% fall in house prices.		
GHA21 Group Credit Rating	<p>The Group's <u>credit rating</u> is downgraded, adversely impacting our ability to raise funds on the capital markets or potentially impacting on the cost of debt to the Group.</p> <p>External factors such as a no-deal Brexit could lead to a down grade in the Group's credit rating. This could trigger potential prepayment of our European Investment Bank loans if the rating falls to BBB+ or below.</p>		<p>The Group's business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks.</p> <p>Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable.</p> <p><i>Mitigation drafting used in legal clauses</i> - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default).</p> <p><i>Negotiation period</i> – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral.</p> <p><i>Standby funders to replace EIB if necessary</i> - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need.</p>		Cautious

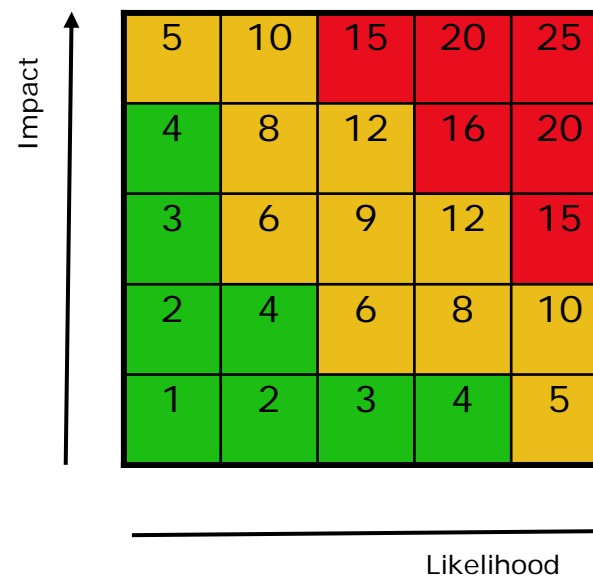
Code & Title	Description	Inherent risk score (no controls)	Existing Controls / Monitoring & Check	Residual Risk score (with controls)	Risk Appetite
GHA22 Cyber Security	<p>The Group's approach to <u>Cyber Security</u> is not robust and staff are not actively engaged due to culture or poor staff understanding; or knowledge of the subject, the Group's response to it or their individual role.</p> <p>A lack of compliance with the approach and arrangements made could lead to greater opportunity for cyber-attack, resulting in unplanned system downtime, data loss, reputational damage, customer dissatisfaction and potential legislative or regulatory breach.</p> <p><del>Exposure of the Group to increased cyber security attacks and threats increases the potential to lose sensitive customer information, leading to financial penalties and significant reputational damage for the Group.</del></p>	 <p>Impact</p> <p>Likelihood</p> <p>New:</p>  <p>Impact</p> <p>Likelihood</p>	<p>IT Cyber security live tests undertaken and results reported to ET, Audit Committee and Group Board.</p> <p>Group IT has an information and cyber security approach that covers i) overall Information Security Policy for Group, and ii) staff engagement and training across 5 key learning themes.</p> <p>Established processes across key risk areas: Information Security Response / Access Controls / Secure Disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments.</p> <p>Group IT is externally assessed annually on information security and IT general controls via 3<sup>rd</sup> party auditors.</p> <p>A Bi-Annual cyber security assessment is conducted by NCC across 20 key control areas.</p> <p>An internal Information Security Working Group has been established within technical teams across Group IT.</p>	 <p>Impact</p> <p>Likelihood</p>	Averse Minimal
GHA23 New Build Programme	Contractor selected for New Build programme goes into administration/liquidation with no Supplier Management framework in place.	 <p>Impact</p> <p>Likelihood</p>	<p>Quarterly contract meeting between supplier/contract manager and procurement to discuss risks and best practice.</p> <p>Procurement team capabilities and skills assessment.</p> <p>Gateway reviews as part of 5 stage process.</p> <p>The use of terms and conditions to enforce change should this be required.</p> <p>Procurement team handover arrangements in place, which includes advice on contract delivery mechanisms contractual obligations.</p> <p>Monthly compliant spend reporting 5 stage process defines our requirements; and clear method defines and records the process of dealing with KPI/SLA underperformance.</p>	 <p>Impact</p> <p>Likelihood</p>	Cautious

## Impact scoring for strategic risks

Risk Rating Score	Impact Classification	Reputation	Health, Safety and Welfare	Finance
1	Insignificant	Managed/reported to Business Unit Local media (short term duration)	Minor injury cleared with first aid treatment	Up to £100,000
2	Minor	Managed/reported to Departmental Management Team Local media (short/medium term duration)	Reportable dangerous occurrence (near misses)	£100,001 to £500,000
3	Moderate	Managed/reported to Team and Board Members Regional media (short/medium term duration)	Reportable over three day injuries or reportable diseases	£100,001 to £500,000
4	Significant	Regional/National media coverage (medium/long term duration)	Major reportable injury or injuries	£500,001 to £1M
5	Catastrophic	Third Party Intervention Public Interest Group National/international media (long term duration)	Fatality or permanent disability	Over £1M

## Likelihood scoring

Risk Rating Score	Likelihood Classification	Risk Description
1	Remote	Likely to occur greater than 10 years
2	Unlikely	Likely to occur within 5 to 10 years
3	Possible	Likely to occur within 3 to 5 years
4	Likely	Likely to occur within 1 to 3 years
5	Very Likely	Likely to occur within 1 year



## Risk Appetite Definitions

## Appendix 3

	1 Averse	2 Minimal	3 Cautious	4 Open	5 Hungry
	Avoidance of risk and uncertainty is a key Organisational objective.	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).
Risk Category	Example behaviours when taking key decisions....				
<b>Reputation and credibility</b>	<ul style="list-style-type: none"> <li>Minimal tolerance for any decisions that could lead to external scrutiny.</li> </ul>	<ul style="list-style-type: none"> <li>Tolerance for risk taking limited to those events where there is no chance of significant repercussion.</li> </ul>	<ul style="list-style-type: none"> <li>Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure.</li> </ul>	<ul style="list-style-type: none"> <li>Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure.</li> </ul>	<ul style="list-style-type: none"> <li>Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks.</li> </ul>
<b>Operational and Policy delivery</b>	<ul style="list-style-type: none"> <li>Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate.</li> <li>Priority for tight management controls and oversight with limited devolved decision making authority.</li> <li>General avoidance of systems / technology developments.</li> </ul>	<ul style="list-style-type: none"> <li>Innovations always avoided unless essential.</li> <li>Decision making authority held by senior management.</li> <li>Only essential systems /technology developments to protect current operations.</li> </ul>	<ul style="list-style-type: none"> <li>Tendency to stick to the status quo, innovations generally avoided unless necessary.</li> <li>Decision making authority generally held by senior management.</li> <li>Systems / technology developments limited to improvements to protection of current operations.</li> </ul>	<ul style="list-style-type: none"> <li>Innovation supported, with demonstration of commensurate improvements in management control.</li> <li>Systems / technology developments considered to enable operational delivery.</li> <li>Responsibility for non-critical decisions may be devolved.</li> </ul>	<ul style="list-style-type: none"> <li>Innovation pursued – desire to ‘break the mould’ and challenge current working practices.</li> <li>New technologies viewed as a key enabler of operational activity.</li> </ul>
<b>Financial / VFM</b>	<ul style="list-style-type: none"> <li>Avoidance of financial loss is a key objective.</li> <li>Only willing to accept the low cost option.</li> <li>Resources withdrawn from non-essential activities.</li> </ul>	<ul style="list-style-type: none"> <li>Only prepared to accept the possibility of very limited financial loss if essential.</li> <li>VFM is primary concern.</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to accept the possibility of some limited financial loss.</li> <li>VFM still the primary concern but willing to also consider the benefits.</li> <li>Resources generally restricted to core operational targets.</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level.</li> <li>Value and benefits considered (not just cheapest price).</li> <li>Resources allocated in order to capitalise on potential opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place).</li> <li>Resources allocated without firm guarantee of return – ‘investment capital’ type approach.</li> </ul>
<b>Compliance – legal / Regulatory</b>	<ul style="list-style-type: none"> <li>Avoid anything which could be challenged, even unsuccessfully.</li> <li>Play safe.</li> </ul>	<ul style="list-style-type: none"> <li>Want to be very sure we would win any challenge.</li> </ul>	<ul style="list-style-type: none"> <li>Limited tolerance for “sticking our neck out”. Want to be reasonably sure we would win any challenge.</li> </ul>	<ul style="list-style-type: none"> <li>Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences.</li> </ul>	<ul style="list-style-type: none"> <li>Chances of losing are high and consequences serious. But a win would be seen as a great coup.</li> </ul>



## Report

**To:** GHA Board

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

**Subject:** Assurance Update

**Date of Meeting:** 6 November 2020

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### 1. Purpose

- 1.1. This report provides the Glasgow Housing Association Board (“the Board”) with a status update on the delivery of Group’s Internal Audit work for 2020/21.

### 2. Authorising context

- 2.1. In accordance with the Group Authorising Framework, the Board is responsible for managing and monitoring Glasgow Housing Association’s compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support this role of the Board.
- 2.2. The Group Audit Committee has responsibility for instructing and keeping under review the long-term plan for internal audit within the Group, approving the annual Group Assurance Plan (the Plan) and monitoring results as presented in the annual internal audit report and assurance statement.

### 3. Risk appetite and assessment

- 3.1. The Board’s agreed risk appetite in relation to Board Governance is “open”, meaning that there is appetite to take decisions that might expose us to additional scrutiny, but only where appropriate steps have been taken to minimise any exposure.

### 4. Background

- 4.1. As a result of the COVID19 lockdown in March 2020, the Group Audit Committee agreed to the suspension of the 2020/21 Internal Audit Plan. As a result, the Internal Audit Team was temporarily furloughed.
- 4.2. There were two reasons for this:
- At the time of a crisis the internal audit plan was not a priority. Continuation of core services was the paramount consideration.
  - The Group was best served by internal audit stepping back temporarily and giving business units breathing space to get on dealing with the crisis.
- 4.3. This was an approach taken by many internal audit functions across the UK.

- 4.4. To respond to the increased Cyber Security risks associated with COVID19 and our new working practices, an external health check of this area was completed by Scott Moncrieff in July 2020. A summary of the findings are detailed in **section 5** of this report.
- 4.5. At the August Group Audit Committee, it was agreed that Internal Audit would be remobilised and that the audit approach would be revised to reflect the current working environment. This is detailed in **section 6**.

## **5. Cyber Security Review**

### Report Summary

- 5.1. Scott Moncrieff's overall conclusion is detailed below.
- 5.2. *"IT security over the systems and services that the IT function is responsible for is well established and, as described by management, reflects good practice in many respects. Cyber Security is an organisation wide challenge, and it is important that processes exist to ensure that cyber security risks are being managed across the enterprise, and specifically beyond the areas for which IT is operationally responsible."*
- 5.3. This report has not been graded as it was a health check.

### Scope of Review

- 5.4. Due to COVID19 restrictions this review was conducted remotely. Information was gathered via a series of detailed interviews. Documentation was provided for review remotely.
- 5.5. The scope of this work was restricted to the Cyber Security control environment over services provisioned to Group staff by the IT function. As such, a number of services which are not provisioned by the IT function were outside the scope of this review. These services include Payroll, MyHousing, LMS, Capita Payments, AllPay – DirectDebits and Alertacall and are subject to external testing (eg penetration testing) as part of their contract.
- 5.6. The objective of this review was to provide an independent assessment of the Cyber Security controls in place, understand important changes in this control environment arising from the COVID response and post-COVID planning, and feedback on planned future developments. To support this assessment control objectives were drawn from the National Cyber Security Centre's Cyber Assessment Framework ("CAF"). Scott Moncrieff assessed controls over the following areas:

#### A. Managing Security Risk

- Governance
- Risk Management
- Asset Management
- Working from home policies and procedures

## B. Protection Against Cyber Attack

- Service Protection Policies and Procedures
- Identity and Access Control
- Data Security
- System Security
- Resilient Networks and Systems
- Staff and Customer Awareness and Training

## C. Detect Cyber Security Events

- Security Monitoring
- Proactive Security Event Discovery

## D. Minimising Impact of Cyber Security Incidents

- Response and Recovery Planning
- Lessons Learned

5.8 Due to the high-level nature of this review, no testing of the control environment was performed. The objective of this review was to provide feedback on control design as reported by the individuals interviewed. Documentation provided was reviewed to aid the auditor's understanding of the controls discussed, it was not used to support testing of controls.

## Findings

5.9 The review highlighted the following areas of good practice:

- For an organisation of this size and complexity, IT security over the systems and services that the IT function is responsible for is well established and, as described by management, reflects good practice in many respects.
- There are IT security policies and processes in place covering areas such as Server Hardening, Patch Management, Back-ups, Disaster Recovery and User Identity and Access Management. There is also a bi-annual National Institute of Standards and Technology (NIST) cyber security review to identify areas for improvement, and external and internal penetration testing of critical services is commissioned. IT security measures are regularly assessed and externally audited with improvements driven by these assessments.
- Anti-malware, firewall, network, desktop and server monitoring software is in place to detect security events and potential security issues.
- A Cyber Security Incident Response Plan (CSIRP) and a defined cyber response team area in place, the CSIRP includes escalation paths and is reviewed annually.
- The IT function reviews security requirements on an ongoing basis and is in the process of considering or implementing a number of initiatives designed to enhance the security control environment. These include, for example, the Security Incident and Event Management Project, engaging with the business in the development of the IT Security control environment and implementing enhanced tools and services to manage Cyber Security threats.

5.10 Scott Moncrieff made three key recommendations to further enhance the Cyber Security control environment across the Group in relation to:

- Introduce a Group wide Cyber Security Oversight to ensure that cyber security risks are being managed across the enterprise, and specifically beyond the areas for which IT is operationally responsible. For example, across the supply chain, within services commissioned and delivered without IT oversight, and across the digital transformation programme.
- Engage wider business leads in Cyber Security decision making to identify and assess security risks arising from across the Digital Programme. The process for identifying and sequencing risk management activity should be set out, and the process for identifying people to be involved in these assessments should be defined.
- Develop further remobilisation planning Cyber Security relating policies and procedures (eg Payment Card Industry Data Security Standards and working from home) to assist staff in the new way of working.

*These actions will be considered as part of the Group's wider review of the operating model. Dates for delivering these areas will be agreed as part of that exercise. The agreed dates will be reported to the Group Audit Committee in due course.*

## 6. Post COVID-19 Group Internal Audit Approach

- 6.1. The August Group Audit Committee agreed the Group's remobilisation plan for Internal Audit services. To prepare for reinstating internal audit work, the Director of Assurance has been working with the Institute of Internal Auditors (IIA) to see how the sector is responding to the "new norm". The agreed approach reflects the sectors current thinking. The following summarises the new approach.

1) Identify high risk-high priority issues to support management determine the most pressing issues that need to be addressed.

2) Tell management internal audit are here to help

3) Become a real-time control adviser to become an active and agile participant in the Group's continuity and recovery actions by providing real-time advisory and control services.

4) Take off our internal audit hat to help the Group with whatever needs to be done; even if that means stepping into roles and tasks that take away internal audit independence.

***In summary, the IIA are recommending changes in the previous ways of working and that this is the opportunity to modernise how work is done to make it timely, more relevant and more efficient.***



## Implementation of the new methodology

- 6.2. The remobilisation of Internal Audit commenced from 1 August and a number of assumptions were agreed with the Group Audit Committee, as follows:
- The previously agreed **2020-21 Internal Audit Plan** will no longer apply. The Plan will be reviewed in early 2021.
  - **Agility** is key – the planned areas of work will be subject to ongoing review and will be revisited quarterly and agreed with the Group Audit Committee.
  - **Internal audit outputs will be different** – our usual reports (with gradings) will change to real time and shorter outputs. Findings will not be graded at this time, as we do not want to be seen as criticising people. Instead, we need to be supportive in setting up systems that are appropriate for this challenging time.
  - Our **initial 3 months** work will focus on supporting Directors developing an appropriate control environment for new systems that are required immediately (eg health and safety and fire safety).
  - More focus will be on **data analytics** to provide assurance on key cycles (we will use our IDEA software) initial areas will be on expenditure and staff payroll exception reports.
  - Most work will be done **remotely**.
  - **Follow up** of outstanding recommendations will be done later on in the year.
  - **Streamlined Audit Committee reporting** – to focus in on key areas during recovery stage.
- 6.3. The agreed workplan up to 30 November focuses on the following areas:
- Fire Risk Management Arrangements
  - Post COVID19 Gas Safety Arrangements
  - Post COVID19 Health and Safety Arrangements (including PPE arrangements relating to Care and Emergency Repairs)
  - Supporting Managing Directors in updating their Risk registers
- 6.4. The findings of these reviews, along with the proposed rolling 3 month Internal Plan, will be reported to the November Group Audit Committee. A summary of these reviews will be reported to Subsidiary Boards in early 2021. If there are any significant findings, these will be reported to the relevant Subsidiary Board Chair when they arise.

## **7. Value for money implications**

- 7.1. Through more focused, responsive planning activity, the Assurance team's work can be directed to those reviews which are more complex, resulting in greater added value to the Group to support the value for money objectives.

## **8. Impact on financial projections**

- 8.1. There are no financial implications as delivery involves a redirection of resources within the Assurance Team.

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

- 9.1. The SHR Regulatory Standards require RSLs to have an internal audit function. Undertaking Assurance activity satisfies the Scottish Housing Regulators' Regulatory Standards of Governance and Financial Management which requires governing bodies to identify and mitigate risks to the organisation's purpose.

## **10. Partnership implications**

- 10.1. There are no direct partnership implications identified within this report. In 2020/21 we will continue to work in partnership with Glasgow City Council's Internal Audit team and City Building Glasgow to provide the Group Audit Committee with comfort on the strength of City Building's control environment.

## **11. Implementation and deployment**

- 11.1. Implementation and deployment of the Plan will be led solely by the Group Assurance Team. Implementation of actions arising from Assurance activity will be the responsibility of the action owners identified within individual audit reports.

## **12. Equalities impact**

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

## **13. Recommendation**

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