WHEATLEY HOMES GLASGOW
BOARD MEETING

Friday 10 February 2023 at 10.30am
Wheatley House

AGENDA

1. Apologies for Absence

2. Declarations of Interest

3. a) Minute of meeting held on 25 November 2022 and matters arising
    - Urgent action: new Development Services Agreement with Wheatley Developments Scotland

   b) Minute of meeting held on 11 January 2023
   c) Action list

Main business

4. Rent and Service Charges 2023/2024 (to follow)

5. Financial Projections 2023/2024

6. a) [redacted]
   b) Wyndford update (Presentation)
   c) Bellgrove update (Presentation)

7. Five-Year Capital Investment Plan

8. Customer Insight:

Other business

9. Performance Report

10. Finance Report

11. Governance Update

12. Sustainability Framework

13. Corporate Risk Register

14. AOCB

Wheatley Homes Glasgow

Report

To:	**Wheatley Homes Glasgow Board**
By:	**Anthony Allison, Group Director of Governance and Business Solutions**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**2023/24 rent and service charges – consultation outcome**
Date of Meeting:	**10 February 2023**

1. Purpose

1.1 This report:

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

2. Authorising and strategic context

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

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

2.3 At its meeting on 11 January 2023 the Board agreed that an increase of 3.9% should be the basis of consultation with our tenants, with the exception of those who live in ex-Cube homes where a pre-existing rent promise was in place.

2.3 It also agreed that a second and third option, 0.5% and 1% above the 3.9% level should be discussed with tenants, with tenants asked whether they would be prepared to pay these higher levels in return for a lesser impact on investment reduction and services.

2.4 It was also agreed that tenants who live in ex-Cube homes transferred through the stock transfer ballot would be consulted on a 1% increase (the 3-year ballot commitment), as well as additional 1.5% and 2% options.

3. Background

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

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

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

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

3.4 In total BMG talked to 1104 of our customers through interviews, as well as more in-depth discussion in a group dynamic through 11 focus groups, involving 137 customers. The feedback from the interviews demonstrated that almost 80% of tenants were prepared to support a rent increase and a large proportion, approximately one third, were prepared to pay a higher option to reduce the impact on services and investment. The results also firmly confirmed that the majority of tenants do not support a rent freeze.

3.5 The focus groups also demonstrated a clear majority supporting one of the rent increase options; 50% of the focus group attendees supported the 3.9% increase option whilst only 10% supported a rent freeze.

4. Discussion

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

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

4.3. The consultation saw the highest ever response rate on record from tenants, with **over 5200** valid responses received as detailed below:

Table 1: WHG results

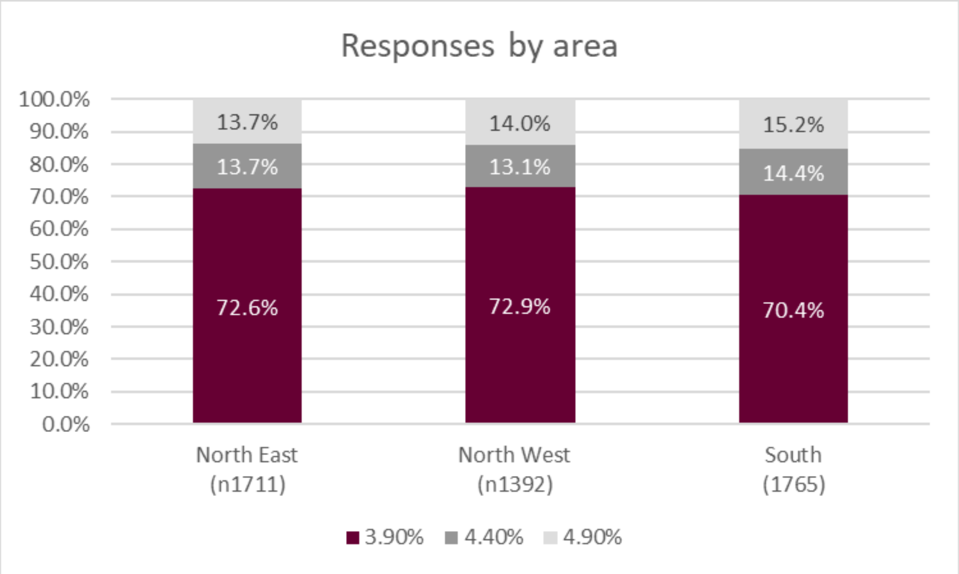
Rent options	Responses
3.9%	**3500 (72%)**
4.4%	**671 (14%)**
4.9%	**697 (14%)**
Total	**4868**

Table 2: Ex-Cube results

Rent options	Responses
1%	**247 (69%)**
1.5%	**64 (18%)**
2%	**45 (13%)**
Total	**356**

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

Chart 1: WHG responses per area (excluding ex-Cube)



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

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

Table 3: Response method

Customer group	Online	Postal	SMS text	Telephone
WHG	2491	2338	41	125
Ex-Cube	190	156	6	7

*Civica found 130 to be invalid and are therefore not included at Table 1 & 2, and Chart 1.

Qualitative feedback

4.7. We invited respondents to provide feedback on why they elected to choose the option they did. We received feedback from approximately 600 customers regarding the WHG proposals and 50 regarding ex-Cube proposals.

4.8. The most consistent theme of the feedback received was the continued pressure from the rising cost of living, including inflationary pressures, fuel costs and a lack of wage rises. Approximately 5% of customers who provided feedback suggested they would have preferred we consider a rent freeze or no increase. This low proportion of tenants providing this feedback was consistent with the pre-consultation engagement.

Summary

4.9 The level of tenant engagement and feedback on our rent setting proposals has been extensive and seen a record number of tenants involved. The pre-engagement with over 1200 tenants informing our consultation proposals and 5200+ responses mean we have had almost 6500 pieces of feedback from tenants on our proposals as part of the process.

4.10 Taking into account the feedback from the consultation, it is proposed that we apply a 3.9% rent and service charge increase with the exception of ex-Cube stock which are proposed as 1% in line with the ballot commitment. This is less than half the current rate of inflation, at 10.5%, and well below the anticipated Scottish national average increase of 6.1% for Registered Social Landlords.

4.11 We also expect that our increase will be one of the lowest in the city based on the following (publicly confirmed) proposals that tenants of other RSLs we use in our rent setting comparability analysis were consulted on:

- Sanctuary (Scotland) – 5.9%
- Queens Cross HA – 7% or 9%
- Link Housing – 6%
- West of Scotland – 5.9%
- Thenue Housing – 5%
- NG Homes – 6%, 7% or 8%
- Maryhill HA - 7% or 9%
- Southside HA – 6%
- Glen Oaks HA – 6%, 7% or 9%
- Partick HA – 7%
- Elderpark HA – 6%
- Shetleston HA – 7%
- Govan HA – 6%
- Tollcross HA – 5%
- Parkhead HA 2.5%

4.12 Our proposed 3.9% increase is therefore likely to be at least 2% below the vast majority of other RSLs within Glasgow. For ex-Cube tenants the ballot commitment of a 1% increase, which was made to make the stock more affordable and comparably lower, will significantly enhance this stock in both respects.

5. Customer Engagement

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

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 Our rent pre-consultation engagement, facilitated by BMG, allowed tenants to participate through a wide range of means, both in person and digital. This saw over 1100 door to door interviews with tenants and over 130 tenants attending focus groups.

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

8. Financial and value for money implications

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

8.2 To achieve this rent proposal additional cost efficiencies have been required as well as a decision taken on deferment of £2.7m from 23/24 of core investment spend out beyond 2025/26. The rent increase of 3.9% will require us to reduce planned spending in services and investment by £7.8 million over the next three years.

8.3 The separate paper with our financial projections confirm that, based on the proposed rent uplifts, we continue to have robust financial plans which will have the necessary 30 year provisions to continue to maintain our stock in line with all legal and regulatory requirements such as Scottish Housing Quality Standard, electrical inspections and fire safety.

9. Legal, regulatory and charitable implications

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

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

10. Risk appetite and assessment

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

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

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

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 Our rent setting engagement and consultation has been our most extensive ever with the highest response rate on record. Nearly 6000 pieces of feedback/consultation responses from tenants over the pre-consultation engagement and formal consultation has shown that tenant support for a rent increase to maintain services and investment.

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

13. Recommendations

13.1 The Board is asked to:

1) Consider the feedback received through the consultation process with tenants on our 2023/24 RSL rent, service and other charges increase;
2) Approve a 1% rent, service charges and other charges (including garages and lock ups) increase for former Cube homes that transferred to WHG effective from 28th March 2023;
3) Approve a 3.9% rent, service charges and other charges (including garages and lock ups) for 2023/24 for all other tenants effective from the first Monday in April;
4) Agree that no rental uplift is applied to stock classified as for demolition; and
5) Agree that we formally write to tenants to confirm this subject to Group Board approval.

Report

To:	**Wheatley Homes Glasgow Board**
By:	**Pauline Turnock, Group Director of Finance**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Financial Projections 2023/24**
Date of Meeting:	**10 February 2023**

1. Purpose

1.1 The purpose of this report is:

- to set out the updated projections for investment in assets and services over the period to 2028, in support of our strategy, *Your Home, Your Community, Your Future*; and
- to ask for the Board's approval of these updated financial projections, of which the first year will form the budget for 2023/24.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between WH Glasgow and the Wheatley Group and the Terms of Reference for this Board, the WH Glasgow Board is responsible for approving its financial projections.

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

3. Background

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

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

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

3.4 Our Customer First Centre allows us to deliver services using a blended approach of face to face and virtual engagement with our customers and frees up housing staff to spend more time with tenants. Feedback from our customers on the Customer First Centre has been overwhelmingly positive, and building on this success, early in 2023 we launched our new MyRepairs team, which further strengthens our repairs delivery and extends our collaborative working with City Building Glasgow.

3.5 The increase in the debt per unit covenant agreed in 2021/22 and the addition of Wheatley Homes South to the RSL Borrower Group in 2022/23 has allowed us to grow our development programme to 10 years and increase the number of new homes delivered.

3.6 Over the ten years 9,760 new units are assumed to be completed by the RSL Borrower Group with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with up to 3,672 of these being developed in Glasgow.

4. Discussion

4.1 More detail of the financial projections are provided in the appendix. Our strategy for 2021-2026, *Your Home, Your Community, Your Future*, forms the basis of these financial projections.

4.2 Detailed financial statements, including Statement of Comprehensive Income and Statement of Financial Position, are provided in the appendices to this report. Figure1 below summarises these to show, in cash terms, the level of income we project over the five years and how this will be spent.

Figure 1: ***Summary of Cash Inflows and Outflows***

[redacted]

** Other costs include fuel/utility charges for delivering district heating, stock surveys and commercial property costs*
***Development costs include capitalised demolition costs and employee costs*

4.3 The table above shows that from year 2 onwards we generate sufficient cash, or revenue surplus, from our underlying business operations to cover the cost of investing in our existing homes and our funding costs.

4.4 Funding costs increase over the five year period as borrowings are drawn to fund the new build development. Interest is paid during the development period as new homes are completed and become available for letting, with rental income then growing over the period as the units are completed, which in turn generates a higher level of revenue surplus to meet funding costs and in time generate excess cashflows to help towards funding future development. The financial highlights under each theme of our new strategy are set out below.

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

- Over the five year period the business plan includes provision for investment of £257.6m in our existing housing stock;
- Our new build programme includes gross development spend of £262.6m projected over the five year period and the completion of 1,286 social and mid-market rent properties; and
- A real term decrease in the operating cost per unit of 2.7% over the five year period from £2,954 per unit in 2023/24 to £2,874 in 2027/28. These efficiencies create capacity within WH Glasgow to fund the debt required to meet our new build ambitions and invest in services for our customers.

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

Delivering Exceptional Customer Experience

4.6 Our strategy seeks to deliver exceptional customer experience while maintaining affordable rent levels for our tenants. These projections include funding to support a contribution of £29.2m over the next five years towards the Group's IT capital programme. which is aligned to 5 workstreams, delivering key business strategy outcomes and ongoing investment across staff and customer digital services and platforms. The workstreams are:

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

4.7 The repairs service is hugely important for our customers, and the launch of the MyRepairs service in early 2023 extends our collaborative working with City Building (Glasgow) LLP by introducing a new and improved model which will see specialist teams deal solely with repairs.

Making the most of our homes and assets

4.8 The projections include £262.6m of gross funding for the new build programme over the five years, delivering 1,286 new social and mid-market housing units during this period. Grant income of £123.4m is also assumed in the projections which will contribute towards the funding costs of the properties noted above. Successful conclusion of our funder negotiations has created additional capacity which allows our RSL development programme to grow to 12,500 new homes over a 10 year period with WH Glasgow developing up to 3,672 of these. This includes 188 units funded through additional lending to Lowther of £15m, developed in Glasgow.

4.9 In our existing homes, total investment of £257.6m (including inflation) has been included. This work will largely be completed by our joint venture partner, City Building (Glasgow) LLP. This funding will ensure that our properties remain in a good state of repair and sufficient provision is available for all compliance requirements. Over the 30-year life of the plan, the average investment per property aligns with the level of investment that JLL, the Group's valuation experts, have estimated is required as part of their most recent valuation of our housing properties.

4.10 The financial projections include £6.0m of funding in years 1-5 for customer identified investment priorities, "Customer Voice" and "Think Yes for Investment". Engaging with customers will ensure investment work streams will be better directed towards what customers want.

4.11 During the first five years of the plan £241.2m, excluding any joint venture discounts, has been earmarked for responsive and planned repairs, which takes cognisance of the increase in customer demand for repairs seen in 2022/23. An extra £8m has been provided for repairs per annum over the amount in the 2022/23 plan and budget.

Changing lives and communities

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

- Indirect funding of £11.7m to the Wheatley Foundation ("The Foundation") over the first 5 years of the financial projections with interest receivable on the convertible debt instrument owed by Lowther Homes passed directly from Lowther to Wheatley Foundation in lieu of a direct donation from WH Glasgow. The Foundation use this to deliver services to our customers including welfare benefits advice, employability advice, our furniture up-cycling Homes Comforts scheme as well as our Eat Well service which delivers food parcels for 6 weeks to tenants most in need and My Great Start for new tenants.

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

Developing our shared capacity

4.13 Following the successful implementation of our new ways of working, in 2021/22 we launched our Customer First Centre, building on the changes we put in place to deliver services using a blended approach of face to face and virtual engagement with our customers. Feedback from our customers on the Customer First Centre has been overwhelmingly positive. Building on this success, early in 2023 we launched our new MyRepairs team, which further extends our collaborative working with City Building Glasgow.

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

4.15 Two Hubs completed during the year at Glasgow North (Knightswood) and Dava Street. The Glasgow South (Pollokshaws) hub is due to complete in 2023/24, which will complete the Office Hub model for WH Glasgow. Further provisions for investment in offices and IT will provide staff with the technology they need to work effectively from home or our hubs.

Enabling our ambitions

4.16 In order to achieve our ambitious strategy, we must demonstrate a strong and stable financial performance. This will ensure we continue to achieve a strong credit rating and attract funding at low rates of interest.

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

- Revenue Surplus less Capital Investment (earnings before interest, tax, depreciation and amortisation with major investment spend taken into account) over net interest payable is the ratio used by the Group to assess whether sufficient surplus is generated to fund our activities, maintain the housing stock and cover interest payments. This interest cover ratio should be >1.
- The loan to value ratio (outstanding loans net of cash divided by value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt.

Figure 2: ***Key Financial Ratios***

[redacted]

4.18 As shown above WH Glasgow will generate sufficient income from operating activities to fund investment and finance costs from year 2 onwards. The level of cover fluctuates over the period due to the timing of significant new build activity with interest costs increasing before the benefit of rental income is earned from completed new build properties.

4.19 Although loan to value increases from [redacted] in 2023/24 to [redacted] in 2030/31 it remains below our 70% golden rule maximum level of loan to value. This demonstrates that WH Glasgow will have sufficient asset cover to support loans.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for 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".

11. Equalities impact

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This report presents the financial projections for the five year period to 31 March 2028.

13. Recommendations

13.1 The Board is requested to:

1) Approve the updated projections for investment in assets and services over the five year period to 2028; and
2) Agree that the projected 2023/24 figures form the basis of next year's annual budget which will be presented to the Board for final approval in March; and

LIST OF APPENDICES:

Appendix 1 – Wheatley Homes Glasgow 2023/24 Detailed Financial Projections

Better homes, better lives
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Wheatley Homes Glasgow Financial Projections
2023/24

Classified as Internal

1. Headlines

2022/23 was our first the full year following the implementation of our new operating model across the Group which was supported by our new "Customer First Centre" with the aim of delivering outstanding customer services. Our services model has been further strengthened during the year and 2023/24 will see our repairs services benefitting from the new My Repairs team which extends our collaborative working with City Building Glasgow. This introduces a new and improved model which will see specialist teams in place and able to drive improvements in the handing of more complex repairs.

As we entered 2022/23 inflationary pressures were having a significant impact on the business and our customers, and this has continued throughout 2022/23 with general inflation peaking in October 2022 at 11.1% driven by fuel and energy costs initially and flowing through to higher food prices. CPI is projected to fall to around 5% by the end of 2023 then falling to below the 2% target by the end of 2023/24. Economic forecasts show interest rates continuing to rise, peaking at over 4% in mid-2023.

Keeping rents affordable remains a key strategic aim, with rent increases maintained at 3.9% (1% for Ex Cube Stock) for 2023/24, and 3.7% for 2024/25, both well below inflation. Further, recognising that economic factors will put pressure on our tenants we have retained provision in the projections for a higher number of tenants moving onto Universal Credit and an increase in rent arrears balances. As part of focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been assumed in the Wheatley Foundation to extend the Here For You fund until March 2024. This fund provides assistance to our customers who are facing financial hardship to with food, fuel and rent.

The increase in the debt per unit covenant agreed in 2021/22 and the addition of Wheatley Homes South to the RSL Borrower Group in 2022/23 has allowed us to grow our development programme to 10 years and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with up to 3,672 of these developed in Glasgow.

WH Glasgow is forecast to complete 135 new build properties in 2022/23 at Damshot (SR), Hurlford (MMR), Sighthill (MMR) and Watson (MMR), and projected to invest £48.3m in existing homes this year.

WH Glasgow Financial Projections | 2023/24

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

- Provision to deliver 1,286 additional new build homes for social and mid-market in the first 5 years of the plan, plus allowance for the acquisition of 100 units. An increase in WH Glasgow's Loan to Lowther of £15m is assumed to allow delivery of a further 305 MMR properties by Lowther.
- £257.6m of investment in our existing housing stock in the first 5 years of the projections, including a provision of £6m for our customer directed investment funds, Customer Voice and Think Yes for Investment. This includes funding over the first 3 years of the updated programme that, when added to 2021/22 spend and 2022/23 projected spend, confirms our commitment to invest £250m in Glasgow stock over the five year to 2025/26.
- Provision of £29.2m for investment in our digital transformation and centres of excellence strategies.
- £0.9m of funding for Initiatives, including the Wheatley Foundation, across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through further progression with implementation of our new operating model. This will result in an improving operating surplus in the first 5 years of the projections and contributes towards interest cover moving to a ratio or >1 from year 2 onwards.

During the development period, WH Glasgow's financial forecasts are driven by the profile of the development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast bottom line total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. WH Glasgow's peak net debt of £1,698.8m is forecast to be reached in 2050/51 (year 28).

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

2. Key assumptions

The key assumptions in the WH Glasgow 2023/24 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

a. Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2022, updated for forecast new build completions in 2022/23 and one off strategic acquisitions. There are no demolitions in 2022/23.

Unit Type	Units 31.3.2022	Forecast Completions 2022/23	Forecast Acquisitions 2021/22	Demolitions 2022/23	Units 31.3.2023
General Needs and Supported	42,715	26	6	-	42,747
Shared Ownership	11	-	-	-	11
Total (Social)	**42,726**	**26**	**6**	**-**	**42,758**
Mid-Market Rent	720	109	-	-	829
Total	**40,551**	**135**	**6**	**-**	**43,500**

In 2022/23, 26 social rent properties have completed, or are forecast to complete by the end of the year, at Damshot, in addition to 109 mid-market rent properties in Hurlford, Sighthill and Watson. Funding for 6 individual asset purchases, “acquisitions”, is included in 2022/23. These primarily relate to former Right to Buy properties bought back to facilitate majority ownership of a block.

Our mid-market rent properties offer a low cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by WH Glasgow but are leased to and managed through the Wheatley Housing Group’s commercial subsidiary, Lowther Homes Limited. On-going capital works costs will remain the responsibility of WH Glasgow and these costs are reflected within the business plan assumptions.

b) Stock profile – new build completions

The 2023/24 projections assume a further 689 social rent units and 597 mid-market rent units can be delivered over the first five years of the plan.

The WH Glasgow new build pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority area of Glasgow City.

A summary of the change in stock numbers for both social rent property and mid-market rent properties is shown below:

Stock Numbers	2023/24	2024/25	2025/26	2026/27	2027/28
	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Units – Social Rent	42,758	42,258	42,258	42,390	42,513
New build	0	0	200	219	270
Acquisitions	100	0	0	0	0
Demolitions	(600)	0	(68)	(96)	(364)
Closing Units – Social Rent	**42,258**	**42,258**	**42,390**	**42,513**	**42,419**
Opening Units – MMR	829	884	1,078	1,204	1,304
New build - MMR	55	194	126	100	122
Closing Units – MMR	**884**	**1,078**	**1,204**	**1,304**	**1,426**

Planned demolitions over the five year period relate to 4 blocks in Wyndford, noting that the new build figures include 250 new units at Wyndford, with a further 528 units across several sites.

2.2 Income

a) Rents and Service Charge Income

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 3.9% rent increase in April 2023. Note, part of the Cube transfer agreement was that the rent increase would be held at 1% for 3 years, with 2023/24 being the final year.

Rent Increase %	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
WH Glasgow	3.9	3.7	3.5	2.9	2.9
Ex Cube stock	1.0	3.7	3.5	2.9	2.9

We will re-assess the proposed rent increase every year as part of preparing for our annual tenant rent consultation.

b) Other Income

Other income includes service charges for heat with rent, district heating and garage lock ups, commercial income from rental of offices and shops underneath our housing properties, income generated from radio masts and solar panels, as well as lease income from Lowther Homes for our MMR properties. WH Glasgow also receives income from both Wheatley Solutions and Lowther Homes for the use of the Wheatley House and Lipton office hubs.

A further £10.2m is expected to be generated by WH Glasgow in 2023/24 from other income streams, rising to £14.2m by year 5 of the projections (2027/28), an increase of 39.2% in annual income. This is driven, in the main, by the completion of 597 new build MMR units which will be leased to Lowther Homes and is expected to almost double income from the 2023 level.

Source	Other Income	2023/24	2024/25	2025/26	2026/27	2027/28
		Year 1	Year 2	Year 3	Year 4	Year 5
External	Commercial – Properties (net of voids)	1,350	1,541	1,587	1,634	1,683
	Commercial - Radio Masts	449	449	450	450	450
	District heating	561	573	584	596	608
	Furnished Lets	221	114	0	0	0
	Garage income (net of voids)	408	423	437	450	463
	Heat with rent (net of voids)	393	548	712	882	1,061
	HCI	235	0	0	0	0
	Solar PVs	418	426	431	437	399
	Wayleave Income (Virgin)	8	0	0	0	0
	Sub-total	**4,043**	**4,074**	**4,201**	**4,449**	**4,664**
Internal	MMR lease income	4,321	5,132	6,116	6,735	7,597
	Commercial - Wheatley House & Lipton	1,800	1,825	1,865	1,878	1,891
	Sub-total	**6,121**	**6,957**	**7,981**	**8,613**	**9,488**
	Total Other Income	**10,164**	**11,031**	**12,182**	**13,062**	**14,152**

The financial projections also include provision for owners' capital works as outlined below:

Owners' Capital Works	2023/24 Year 1	2024/25 Year 2	2025/26 Year 3	2026/27 Year 4	2027/28 Year 5
Income from Owners	302	311	319	327	335
Cost of Owners' capital works	(302)	(311)	(319)	(327)	(335)
Net Income in WH Glasgow	**0**	**0**	**0**	**0**	**0**

2.3 Cost inflation assumptions

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

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

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

Inflation assumption %	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
General cost inflation	5.0%	3.0%	2.5%	2.5%	2.5%

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

2.4 Operating performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The high rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Performance Assumptions	2022/23 P9	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
Routine voids (%)	0.99%	1.20	1.20	1.00	1.00	1.00
Bad debts (%)	1.32%	2.00	2.00	2.00	2.00	2.00
Arrears (£'000)	11,684	13,836	13,640	13,110	13,018	12,924

The plan assumes a small increase in voids to 1.2% in years 1-2, before dropping down to the previous rate of 1.0%. Current void performance to December 2022 is 0.99% and, in the year ended 31 March 2022 was 1.01%, therefore our assumptions in the business plan are prudent compared to historical rates.

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

2.5 Management costs

WH Glasgow's employee cost assumptions reflect the current direct staff structure. Additionally, WH Glasgow pays an appropriate share of the salaries of the Compliance and Investment, New Build, Environmental Service and Wheatley 360 staff teams.

Running costs include day to day expenditure and a proportionate share of the Environmental Service and Wheatley 360 running costs but exclude Initiatives.

Employee costs include the development of our frontline services through the introduction of our new repairs service model, supported by a new My Repairs team, which combined with the Customer First Centre, creates capacity within frontline housing to focus on more complex interactions and support to tenants.
Recharges from Group includes employee and running costs for central services such as the new MyRepairs team, Customer First Centre, Human Resources, IT, Finance and the Transactional Hub.

The table below sets out the overall management costs (including inflation) assumed in the plan.

Management Costs	Year 1 2023/24 £'000	Year 2 2024/25 £'000	Year 3 2025/26 £'000	Year 4 2026/27 £'000	Year 5 2027/28 £'000
Employee costs	37,136	35,627	36,233	36,276	37,001
Running costs	7,965	8,271	7,889	7,737	8,064
Recharges from Group	26,132	26,363	26,777	26,977	27,175
Total management costs	**71,233**	**70,261**	**70,899**	**70,990**	**72,240**

The projections include efficiency savings expected to be achieved through further progression with the implementation of our new operating model, savings from both our office accommodation and digital transformation strategies, in addition to procurement savings. Over the five year period, in real terms, employee costs and running costs are expected to decrease by 8.8% and 8.7% respectively, in addition to a 1.8% reduction in Group recharges. Overall, in real terms, management costs are expected to fall by £4.4m between 2023/24 and 2027/28; a 6.2% reduction.

2.6 Asset management and growth

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service tenants receive and their satisfaction levels. An additional provision for repairs of £8.0m has been made in 2023/24 compared to last year's plan. The provision for repairs recognises the increase in demand that we have experienced in 2022/23, whilst assuming a continuation of our close collaboration with City Building Glasgow. This results in the average repairs and maintenance cost per unit increasing by 2.0% in real terms, between the 2022/23 budget (stated in 2023/24 prices) and the projection for 2023/24.

Average funding of £1,091 per unit in 2023/24 is assumed to increase to £1,213 in 2027/28.

The following repair costs (including inflation and excluding any joint venture credit notes and discounts) are funded within the plan:

Repair Costs	Year 0 2022/23 £'000	Year 1 2023/24 £'000	Year 2 2024/25 £'000	Year 3 2025/26 £'000	Year 4 2026/27 £'000	Year 5 2027/28 £'000
Routine Maintenance	19,467	27,887	28,594	29,218	29,861	30,608
Planned Maintenance	26,270	18,507	18,788	19,375	21,911	20,894
Total repair costs	**45,737**	**46,394**	**47,382**	**48,593**	**51,772**	**51,502**
Average no. of social rent units	42,742	42,508	42,258	42,324	42,452	42,466
Average repair cost per unit £	**1,070**	**1,091**	**1,121**	**1,148**	**1,220**	**1,213**

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

A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. gas servicing, emergency lighting, window safety catches, TMVs, HIU inspections).

b) Investment in current housing stock

Investment in existing stock in 2022/23 is forecast to be £48.3m. Over the next five years this investment will continue with a further £257.6m, including inflation, of planned investment in existing stock. This is possible due to operational efficiencies in management costs, and access to borrowing via the Group.

The table below summarises the capital investment programme for the next five years. Within the core programme, £6.0m has been allocated to “Customer Voice” and “Think Yes for Investment” - spending decisions made in consultation with, and led by our customers, to address local priorities. This equates to 6.1% of the core programme budget.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties with works carried out by a specific voids team in our Group Environmental service. The in-house service gives us greater control over the void turnaround process.

The following investment costs (including inflation) are funded within the plan:

Capital Investment	Year 1 2023/24 £'000	Year 2 2024/25 £'000	Year 3 2025/26 £'000	Year 4 2026/27 £'000	Year 5 2027/28 £'000
Core Investment Programme	21,963	16,973	18,527	19,805	20,715
Capitalised Void Costs	10,752	11,077	11,349	11,627	11,912
Capitalised Repairs	3,977	4,094	4,196	4,301	4,409
Disabled Adaptations	2,773	2,857	2,928	3,001	3,076
Capitalised Fixed Overhead	6,796	7,000	7,175	7,354	7,538
New build (MMR)	2	327	333	766	747
Sub-total	**46,263**	**42,328**	**44,508**	**46,854**	**48,397**
Capitalised Employee Costs	5,718	5,739	5,842	5,919	6,038
Total Capital Investment	**51,981**	**48,067**	**50,351**	**52,773**	**54,534**

Scottish Government and the Scottish Housing Regulator published further guidance in 2020 on the achievement of EEESH2 which requires, where possible, all properties to be bought up to EPC band B by 2032. The five year core investment programme includes £17m of works, such windows and low carbon heating, which will contribute to achieving the EESSH2 standard. Further, core programme works in 2023/24 includes £4.3m of spend for Connected Response and Pre1919 Tenement retrofit net zero works funded by the Scottish Housing Net Zero grant award.

Over the life of the plan, provision has been made for average investment per property of up to £34k over 30 years. This provides sufficient capacity in the plan when compared with the level of investment JLL, the Group’s valuation experts, have estimated when undertaking the most recent valuation of housing properties.

c) Investment in new housing

The new build programme is set out in Section 1.1 with a minimum of 1,286 new social housing and mid-market rent units due to be delivered over the next five years. The table below outlines the investment, including inflation, in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

New Build Programme	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Total Yrs 1-5
	£'000	£'000	£'000	£'000	£'000	£000s
Development Costs	28,583	34,109	52,045	72,316	75,500	262,553
Grant Income	(10,900)	(12,502)	(30,041)	(33,725)	(36,231)	(123,399)
Net Development Cost	**17,683**	**21,607**	**22,004**	**38,591**	**39,269**	**139,154**
Capitalised Employee Costs	3,254	3,051	3,090	3,071	3,133	15,599
Capitalised Demolition Costs	5,843	4,128	623	677	4,070	15,341
Capitalised Interest Costs	714	829	752	1,113	1,498	4,906
Net Cost	**27,494**	**29,615**	**26,469**	**43,452**	**47,970**	**175,000**
Completions (Social and MMR)	55	194	326	319	392	1,286

In 2023/24, a further £6.5m is included in respect of strategic acquisitions and a provision of £0.4m has been made for a development fund. The fund is utilised for abnormal costs at sites, which may otherwise result in development costs being too prohibitive to progress.

In addition to the 1,286 properties WH Glasgow will directly deliver over the five year period, the financial projections reflect an increase in WH Glasgow's loan to Lowther of £15m. This additional funding will enable Lowther to fund the development of 305 properties for mid-market rent in Glasgow and the East over the five year period. Of these units, 156 are assumed to be directly funded using the additional on lend with the remaining properties funded through additional private finance.

The increase in our debt per unit covenant has allowed us to grow our development programme to 10 years and increase the number of new homes delivered. 9,760 new units are assumed to be completed by the RSL Borrower Group over 10 years with 77% of these for social rent. This goes some way towards delivering on our long-term strategic objective of 12,500 units and allows us to meet commitments to tenants with WH Glasgow developing up to 3,672 of these.

d) Demolition costs

[redacted]

2.7 Initiatives and Other Provisions

a) Initiatives

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

WH Glasgow's main contribution of over the next 5 years is indirectly to Wheatley Foundation. Interest receivable by WH Glasgow on the convertible debt instrument owed by Lowther Homes is passed directly from Lowther to Wheatley Foundation in lieu of a direct donation from WH Glasgow, totalling £9.0m over the five year period. Additional interest of £2.7m, assumed to be received in relation to the £15m increase in on lend to Lowther, will also be redirected to the Foundation in lieu of additional contributions.

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

WH Glasgow's direct contribution, to these initiatives over the next five years is summarised in the table below.

Initiatives	**Year 1 2023/24**	**Year 2 2024/25**	**Year 3 2025/26**	**Year 4 2026/27**	**Year 5 2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Share of Group Initiatives	167	166	170	172	177

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £40.5m. This investment is in recognition of the key role technology has in supporting the delivery of the key strategic aims in the Group's 2021-26 strategy. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WH Glasgow makes a capital contribution towards the overall Group IT capital costs. The table below details WH Glasgow's contribution of £29.2m including inflation, over the next 5 years.

IT Capital Programme	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
	£'000	£'000	£'000	£'000	£'000
IT Capital Contribution	6,343	5,608	6,050	5,770	5,395

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

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

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

- **Digital Workplace** – an ongoing programme of technology and facility upgrades and improvements across our estate, including network services, hub/touchdown technology (workstations, digital communications, site security and monitoring). Ongoing support of Group hybrid and home working model (end user devices, software, remote access). Staff support and digital adoption services and the provision of improved manager and staff HR engagement platforms.
- **Customer Self Service** – Ongoing service improvements and development of our online service portfolio aligned to end-end customer journey maps and customer preferences. Review and replacement of our current customer self-service platforms; and

renewal of ourCFC platforms and services (voice platform, webchat, video). Development and implementation of customer engagement and feedback services.IT Capital

- **Housing and Care** – Supporting the future housing operating models and delivery approaches, through ongoing investment in staff mobile applications and services (e.g. devices, software, improved access to data and information), housing platform upgrades and process improvements. Replacement of Group factoring management system.

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

- **[redacted]**

2.8 Operating Cost per Unit

Our operating costs per unit, excluding depreciation and finance costs, and including inflation, over the five year period are set out below:

Operating Costs	**Year 1 2023/24**	**Year 2 2024/25**	**Year 3 2025/26**	**Year 4 2026/27**	**Year 5 2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Operating Costs	125,564	126,276	129,972	131,624	134,067
Average no. of social rent units	42,508	42,258	42,324	42,452	42,466
Operating Cost per unit (£)	2,954	2,988	3,071	3,101	3,157

The underlying operating cost per unit, in real terms, is assumed to decrease by 2.7% over the first five years, a saving of £80 per unit. This saving is driven by asset growth and operating cost efficiencies from our continuing investment in service transformation, including online services for customers and progression with implementation of our new operating model.

2.9 Interest Rate Assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited ("WFL1") at an assumed blended all in average funding rate. The blended funding rate reflects a combination of bank and bond funding, any fixed rate arrangements in place and any monitoring or commitment fees payable by WFL1 to external funders and is consistent across all Group subsidiaries.

The rates assumed on group funding and for interest receivable on cash balances are shown in the table below.

Interest Rate Assumptions	**Year 1 2023/24**	**Year 2 2024/25**	**Year 3 2025/26**	**Year 4 2026/27**	**Year 5 2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Interest Payable (Group Funding)	4.50%	4.60%	4.60%	4.70%	4.70%
Interest Receivable	0.50%	1.00%	1.50%	2.00%	2.00%

3. Financial projections – next 5 years

3.1 Statement of Comprehensive Income

Statement of Comprehensive Income	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Net Rental Income	206,465	213,635	220,968	226,871	233,998
Other Income (including MMR lease income)	10,318	11,189	12,345	13,229	14,323
Grant Income	8,766	16,414	24,776	25,787	32,527
Total Income	**225,549**	**241,238**	**258,089**	**265,887**	**280,848**
Service Costs	(6,463)	(6,005)	(5,714)	(5,627)	(5,772)
Management Costs	(69,626)	(70,261)	(70,899)	(70,990)	(72,240)
Repair and Maintenance Costs	(39,344)	(44,562)	(45,773)	(47,812)	(47,542)
Demo and ER/VR Costs	(4,820)	(865)	(2,887)	(2,403)	(3,562)
Wider Role and Strategic Initiatives	(1,040)	(166)	(170)	(172)	(177)
Bad Debt	(4,271)	(4,417)	(4,529)	(4,620)	(4,774)
Depreciation	(76,569)	(80,080)	(78,999)	(83,859)	(89,891)
Operating Expenditure	**(202,133)**	**(206,356)**	**(208,971)**	**(215,483)**	**(223,958)**
Investment Property Valuation Movement	20,529	(4,021)	4,448	22,464	10,200
Operating Surplus	**43,945**	**30,861**	**53,566**	**72,868**	**67,090**
Operating Margin (%)	**19%**	**13%**	**21%**	**27%**	**24%**
Finance Costs	(49,885)	(53,716)	(55,532)	(58,270)	(60,359)
Housing Property Valuation Movement	14,448	32,153	18,755	(4,116)	(13,959)
Total Comprehensive Income	**8,508**	**9,298**	**16,789**	**10,482**	**(7,228)**

Income

Rental income net of void losses increases by £27.5m over the five year period due to assumed rent increases and growth in our asset base as a result of the development programme.

Other income relates to income from our service charge offerings to tenants (e.g. heat with rent, home contents insurance, and rental income for our garage lock ups), as well as commercial property income (i.e. our offices and shops, radio mast charges and lease income from Lowther Homes for our MMR properties). Other income is assumed to increase by £4.0m over the first 5 years of the projections due primarily to increased lease income.

In line with SORP 2014, the projected Statement of Comprehensive Income shows recognition of grant income for new build upon completion of the properties. As a result, the level of grant income fluctuates significantly across the five years reflecting both the volume of new build completions in each year as well as the tenure mix (as social rent units attract a higher level of grant funding).

Operating Expenditure

Management costs across the period assume efficiency savings as detailed in section 2.5 of this paper. Efficiency savings are expected to be achieved in both running and employee costs incurred by WH Glasgow directly and those recharged from Wheatley Solutions.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to demolition costs and ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.7, wider role and strategic initiative spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £1.7m has been included in the first 5 years of the projections.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line.

Total Comprehensive Income

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

Over the five year period total comprehensive income is £37.8m.

3.2 Statement of Financial Position (including inflation)

Statement of Financial Position	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Housing Properties	1,626,636	1,675,456	1,724,920	1,773,057	1,815,066
Other Fixed Assets	62,026	62,917	66,715	67,213	66,546
Investment Properties	116,884	112,863	117,311	139,775	149,974
Lowther Investment	12,073	12,073	12,073	12,073	12,073
Total Fixed Assets	**1,817,619**	**1,863,309**	**1,921,019**	**1,992,118**	**2,043,659**
Pension Asset	**59,559**	**59,559**	**59,559**	**59,559**	**59,559**
Current Assets	59,559	64,153	67,639	67,552	67,462
Current Liabilities	(102,537)	(106,947)	(114,554)	(120,669)	(131,615)
Net Current Liabilities	**(42,978)**	**(42,794)**	**(46,915)**	**(53,117)**	**(64,152)**
Long-Term Liabilities	(1,103,857)	(1,140,433)	(1,177,233)	(1,231,648)	(1,279,381)
Net Assets	**728,950**	**738,248**	**755,037**	**765,519**	**758,291**
Retained Earnings	728,950	738,248	755,037	765,519	758,291
Total Reserves	**728,950**	**738,248**	**755,037**	**765,519**	**758,291**

Housing Assets

The plan assumes Housing Property assets to increase £230.1m over five years from 1 April 2023 due to the construction of 689 additional properties and an assumed increase in the value of our existing stock as a result of investment.

Other Fixed Assets

Other Fixed Assets include our fixtures and fittings and IT Equipment. Annual depreciation charges reduce the balance each year.

Investment Properties

Investment properties include our commercial properties (i.e. shops and offices) and our mid-market rent properties. The plan assumes Investment Property assets to increase £53.6m over five years from 1 April 2023 due to the construction of 597 additional properties.

Net Current Liabilities

Current assets include rent arrears, trade debtors and cash, together with the intercompany balance relating to the loan to Lowther. Provision has been made for a further increase in arrears in year 1, however, this position is then expected to improve as these debts are recovered. The remaining movement in current assets relates to the increase in lending to Lowther.

Current liabilities fluctuate over the period primarily as a result of the inclusion of grant received in respect of the new build programme. This is held as deferred income in the balance sheet until the units complete and it can be recognised in Turnover.

Long Term Liabilities

Long term liabilities relate to the loan due to Wheatley Funding Limited 1 (WFL1) and the contingent efficiencies grant. Net debt steadily increases before slowing between years 10-17, and then increasing again in year 18 due to the repayment of the £100m contingent efficiencies grant. This pushes net debt to a peak of £1,698.8m in year 28 (2050/51).

Reserves

During the five year period from 1 April 2023, retained earnings are projected to increase by the reported total comprehensive income of £37.8m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

3.3 Statement of Cash Flow

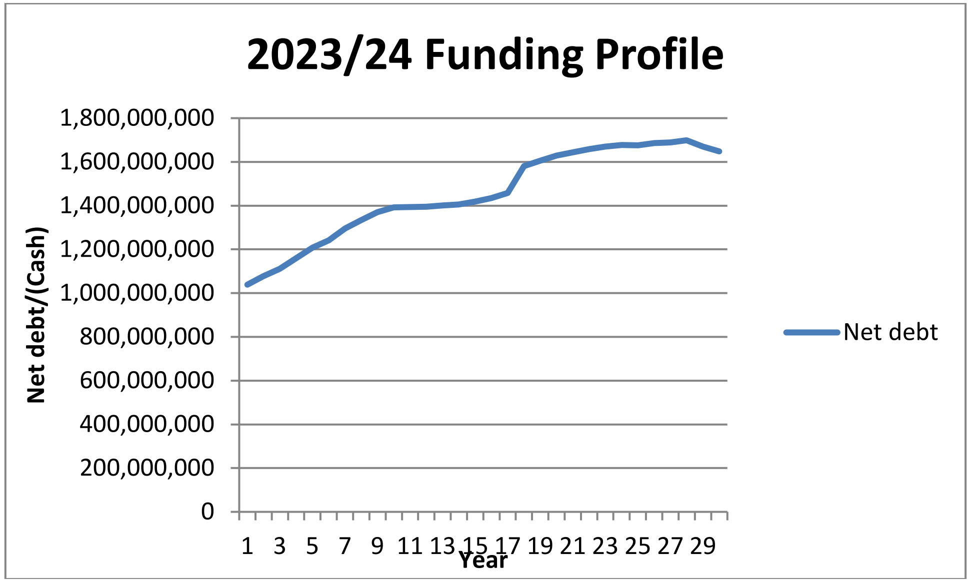
Cash Flow	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	216,391	220,936	229,615	235,879	243,957
Operating Expenditure	(122,888)	(122,396)	(125,747)	(128,456)	(129,614)
Net Cash from Operating Activities	**93,503**	**98,540**	**103,868**	**107,423**	**114,343**
Core & Other Capital Expenditure	(64,987)	(55,504)	(56,981)	(59,429)	(60,978)
New Build Expenditure	(44,545)	(41,304)	(55,773)	(76,069)	(82,716)
Grant Income	10,900	12,502	30,041	33,725	36,231
Increase in Lowther loan	(5,774)	(4,786)	(4,013)	-	-
Net Cash used in Investing Activities	**(104,406)**	**(89,092)**	**(86,726)**	**(101,773)**	**(107,463)**
Finance Costs	(45,601)	(48,845)	(50,462)	(53,382)	(55,670)
Net Movement in Cash	**(56,504)**	**(39,397)**	**(33,320)**	**(47,732)**	**(48,790)**

Net cash from operating activities increases over the five year period as efficiency measures are realised and rental income from new build properties is generated. The net movement in cash fluctuates over the period, linked to the level of new build investment. Peak net debt isn't reached until year 28 (2050/51), however, thereafter the business will generate sufficient cash resources to both service its debt and repay an element of the capital borrowed. The table shows the cash requirement of the business. The underlying business is cash generative in all years and this will contribute towards the financing costs of the business.

4. Funding and Debt Profile

The plan reflects the group funding arrangements through Wheatley Funding Limited 1 (WFL1). WH Glasgow can borrow from WFL1, subject to debt facilities being available, what it can support with its assets and cash flows. WH Glasgow, together with all the other RSLs in the RSL Borrowing Group, needs to ensure that all external funding conditions at WFL1 level are met at all times, including compliance with financial covenants. Whilst there are no specific financial covenants at each RSL level it is the delivery of the approved business plan financials by each RSL that is key to meeting funding conditions at WFL1.

The graph below shows WH Glasgow's projected net debt requirement over the 30 years. The increase in in net debt slows between years 10-17, before increasing again in year 18 due to the repayment of the £100m contingent efficiencies grant. This pushes net debt to a peak of £1,698.8m in year 28 (2050/51).



5. Key Parameters

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

5.2 Operating margin generation

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

Adjusted Operating Margin	**Year 1 2023/24**	**Year 2 2024/25**	**Year 3 2025/26**	**Year 4 2026/27**	**Year 5 2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Income (excluding grant income and property valuation movement)	221,440	224,864	233,313	240,100	248,321
Adjusted Operating Surplus	19,307	18,508	24,342	24,617	24,363
Operating Margin	**8.72%**	**8.23%**	**10.43%**	**10.25%**	**9.81%**

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 3.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The margin increases over the five years due to additional rental income generated from completed new build units, as well as efficiency savings.

5.3 Cash flow strength

Cash flows need to be sufficient to demonstrate that there is enough cash available to service intra-group debt each year and to repay funding within 30 years**. Revenue surplus** removes items that are non-cash and/or unrelated to underlying operations, such as grant income and property valuation movements, to assess the funds available to meet interest payments and pay for all costs related to current stock. A ratio > 1 means that there is sufficient capacity to meet interest payments as they fall due. As the debt principal must also be repaid, long term, the interest cover ratio needs to be comfortably over 1.0 to demonstrate sufficient capacity to repay capital.

Revenue Surplus	**Year 1 2023/24**	**Year 2 2024/25**	**Year 3 2025/26**	**Year 4 2026/27**	**Year 5 2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue Surplus less Capital Investment	47,200	54,845	56,726	57,203	61,919
Interest Expense	47,603	51,459	53,103	56,102	58,474
Interest Cover	**0.99**	**1.07**	**1.07**	**1.02**	**1.06**

The ratio gradually increases over the five year period as new build developments are completed. As units are completed, more rental income is generated which, along with efficiency savings, offsets the higher interest costs.

Increases in rental income (as noted in paragraph 2.2) and continuing management of the cost base during this period are of extreme importance.

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. The WH Glasgow investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. It is however important that each subsidiary within the group have sufficient asset cover to support their debt requirement. The measure used to assess this is loan to value, defined as net debt as a percentage of the value of housing and investment properties (excluding housing under construction). The graph below shows the projected loan to value for WH Glasgow over the first 10 years.

[redacted]

Although loan to value increases from [redacted] in 2023/24 to [redacted] in 2030/31, it remains below our 70% golden rule maximum level. This demonstrates that WH Glasgow will have sufficient asset cover to support loans.

6. Risk analysis

We have performed sensitivity analysis showing the potential impact on the plan of key risk factors. As well as general risks relating to inflation and the cost base.

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak debt Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		**0.99**	**1.07**	**1.07**	**1.02**	**1.06**	**£1,393.0m**	**67%**	
Risks									
1	Cost inflation remains at 5% in year 2	0.99	1.00	1.00	0.95	0.98	£1,449.5m	69%	Seek operational efficiencies and review service and repairs levels to offset the impact of inflation on costs.
2	Rent increase reduced to inflation in years 2-3	0.99	1.04	1.04	0.99	1.03	£1,414.0m	68%	Rent setting policy review, operational efficiencies and review service and repair levels.
3	Bad debts increased by 1% in years 1-5	0.95	1.02	1.02	0.97	1.01	£1,410.4m	68%	Review of rent setting policy, operational efficiencies and service and repair levels to mitigate the financial impact of the additional bad debt costs.
4	Employee costs planned savings not achieved	1.10	1.03	1.06	0.97	1.02	£1,428.0m	68%	Review of procurement, contract negotiation and operational efficiencies as well as service and repairs levels to offset the impact of the additional staff costs.
5	Employee costs pay increase are 1% higher from years 2-5	0.99	1.06	1.05	0.99	1.02	£1,420.2	68%	Review of procurement, contract negotiation and operational efficiencies as well as service and repairs levels to offset the impact of the additional staff costs.
6	Repair and maintenance costs are 10% higher from years 1-5	0.89	0.97	0.96	0.91	0.95	£1,428.7m	69%	Seek operation efficiencies and review service and repairs levels to mitigate

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak debt Yrs 1-10	Max Loan to Value Yrs 1-10	
Base Case		**0.99**	**1.07**	**1.07**	**1.02**	**1.06**	**£1,393.0m**	**67%**	
									the financial impact of the additional repair costs
7	Additional investment spend of £20m over the first two years	0.78	0.85	1.05	1.00	1.04	£1,422.8m	68%	In mitigation any non-essential works would be delayed in order to accommodate investment priorities, and cost efficiencies would be sought within the operational cost base and new build programme.
8	3 new build schemes are delayed by 3 months	0.99	1.07	1.07	1.02	1.06	£1,389.0m	67%	The development team would endeavour to reduce the impact of this through contract negotiation and planning forward for known issues.
9	Major new build contract goes into administration with costs increasing by 15% and completion delayed	0.99	1.07	1.07	1.02	1.06	£1,394.2m	67%	In mitigation we would expect that this would be picked up by our monthly monitoring of contract exposure, allowing time for resolution before the contractor fell into administration. We would seek to absorb any impact from this within the investment programme funding allocation, and by reducing non-essential work within the capital investment programme.
10	In years 2-3, rent increase reduced to inflation, Bad debts increased by 1% and repair and maintenance costs are 10% higher	0.99	0.86	0.84	0.93	0.96	£1,481.6m	71%	In mitigation cost efficiencies would be sought elsewhere in the event of reduced income and increased costs.

To:	**Wheatley Homes Glasgow Board**
By:	**Frank McCafferty, Group Director of Repairs & Assets**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Five-year Capital Investment Plan**
Date of Meeting:	**10 February 2023**

1. Purpose

1.1 To seek Board approval of the five-year plan for capital investment in existing homes for the period 2023-2028.

2. Authorising and strategic context

2.1 Under its Terms of Reference, set out in the Group Standing Orders, the Board is responsible for the approval of its five-year investment plan.

2.2 Our five-year investment plan in existing homes is a key component of the "Making the most of our homes and assets" strategic theme in our five year strategy, in particular the strategic outcome of investing in existing homes and environments and investing £250m in improving, modernising and maintaining existing homes. It also supports our wider strategic ambition from the 2021-26 strategy in relation to reducing carbon emissions by 20,000 tonnes across the wider group.

3. Background

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

4. Discussion

<u>Overall programme</u>

4.1 Our five-year plan includes a core programme budget of £103.85m, which will be directed towards major property and environmental improvement works. This includes over £4m of grant from the Scottish Government's Scottish Housing Net Zero ("SHNZ") fund to support the delivery of sustainability projects in 2023/24 and £3.5m in 2023/24 for the delivery of consolidated control and management system for our district heating systems across the city. In addition, the programme includes over £70m for improvements and capitalised repairs to void properties and £14.6m to support the delivery of major medical adaptations to help customers remain independent in their homes for longer.

4.2 Discussions are ongoing with Glasgow City Council in relation to strategic partnering opportunities with the financing of medical adaptations forming part of these discussions. Our 2021-26 strategy committed to delivering £250m capital expenditure in our existing homes and we remain on track for delivering this substantial investment. We delivered £58.8m in year 1 and are on track to spend £48.3m this year. Combined with the planned spend of £150m over years 3-5 of our strategy we would exceed our target and deliver £257m capital expenditure in our existing homes.

4.3 The total capital programme over the next five years equates to £230m. This includes an allocation of on-costs for our technical asset staff, who play a key role in delivering our investment programmes. Our core investment activities over the next five years will continue to focus on the delivery of compliance requirements and improvements which provide the greatest value to our customers. Our ongoing customer engagement and locality planning activities consistently tell us that customers want modern, energy efficient homes and safe neighbourhoods. Our investment plan outlines our commitment to deliver on these priorities with the programme content falling within three themes:

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

Further details of the programme is provided at Appendix 1. The figures in Appendix 1 and below are before on-costs unless otherwise stated.

Warm homes

4.4 This theme encompasses our energy efficiency and internal modernisation programmes. We plan to invest £40m over the next five years in improving the energy efficiency of our homes. These measures will include window replacements, wall insulation, improved heating controls and the commencement of a programme to upgrade existing fossil fuel reliant heating systems with low and zero-carbon alternatives.

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

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

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

4.8 We are committed to exploring the use of new technological innovations to help us deliver our sustainability ambitions. By March 2023 we will have completed the installation phase for two Smart Sensor pilots in a total of 100 properties across the city. These pilots will be used to test and assess the practicalities of installing sensor technology to collect and interpolate data (such as temperature, humidity, and air-quality), to improve services and make better informed decisions in relation to managing our assets. A further pilot project planned for 2023/24 will involve the trial of an innovative solution for connecting tenement properties to a single rooftop solar system. This would allow customers living in flatted properties to also enjoy the benefits of solar power generation, specifically a reduction in their energy bills. We will assess the outcome of these pilot projects in 2023/24 to determine the customer and business benefits before consideration is given to wider roll out.

District Heating Consolidated Control and Management System

4.9 **£3.5m** has been allocated in year one of our programme to deliver a new control management system encompassing 1,741 homes that are connected to a district heating network and which are managed in-house. This includes Biomass systems which are out of service/maintenance contract and our highly inefficient Heat with Rent homes. Excluded are those networks which are already under concession contracts to 3rd parties e.g. Wyndford, Commonwealth Games Village and Queens Quay. The objective of the control and management system is to improve the efficiency of these heat networks and reduce fuel consumption. Customers will also see an improved customer experience by enabling them to manage and control their heating more effectively.

Quality Homes

4.10 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our five-year investment plan provides for the installation of around 2,000 new kitchens and a further 1,200 bathrooms. This programme will include a combination of reactive replacements in void properties and a planned lifecycle replacement programme, which will focus on the upgrade of kitchens last replaced in the early years of our investment programme, post stock transfer.

Scottish Housing Net Zero Fund (SHNZ)

4.11 Our warm, high quality homes programme will be further supported by the continuation of our SHNZ programme, which commenced in August 2022. A total of £6.5m was secured from Scottish Government through this scheme to facilitate the accelerated delivery of our Connected Response programme helping to improve the flexibility and operability of existing electric heating, whilst also contributing towards a reduction in fuel poverty by lowering energy demand and fuel bills. By the end of 2022/23 we expect to have completed over 3,000 installs with a further 4,000 planned in 2023/24.

4.12 The SHNZ programme will also fund an innovative pilot project, which will involve the delivery of a package of internal energy efficiency measures for hard to treat pre-1919 properties. This work will be undertaken at void to negate any disruption for customers and will act as an exemplar to demonstrate what can be done to improve the energy efficiency of our traditional housing stock. £250k of grant funding has been secured for this project, which will enable us to improve 14 homes.

Safe Homes

4.13 Our five-year investment plan places a strong emphasis on ensuring our homes remain safe and secure, including secure entrances to our customers' homes and supporting the Group's Fire Prevention and Mitigation Framework. Over the five years of our investment plan, we will deliver £9.26m of improvements across a range of Home Safety related programmes encompassing:

- Installation of emergency lighting in all our core stock MSFs by 2024/25;
- Domestic wiring upgrades where required through our periodic electrical inspection regime;
- Installation and/or lifecycle replacement of smoke and heat detection across all stock types;
- Installation of Thermostatic Mixer Taps for our most vulnerable customers;
- Provision for planned improvement works as recommended in our Fire Risk Assessments;
- Upgrade of vital Mechanical & Electrical communal infrastructure; and
- Upgrading controlled entry systems where required

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

Great Neighbourhoods

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

4.16 Our Investment Programme will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and backcourts.

Mechanical & Electrical Infrastructure Upgrades

4.17 Our investment plans recognise the importance of our M&E infrastructure in ensuring our homes function correctly. This is particularly important in our Multi Storey properties, where vital services are required such as ventilation, water supply, CCTV and lifts. Our five-year plan includes £10.2m for planned improvements to critical M&E components including the lifecycle replacement of pump sets and water storage tanks, ventilation plant and lifts.

Mould and Damp

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

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

External Funding Opportunities

4.20 We will continue to explore external funding opportunities to help support and maximise the value of our investment programme for tenants and factored homeowners alike. This is demonstrated by our innovative energy retrofit project at Linkwood, Drumchapel which will see the delivery of a package of energy measures for tenants and owners, with significant funding from the UK Government backed Energy Company Obligation (ECO) scheme. Further grant support has been obtained from Glasgow City Council and Glasgow Heritage Trust to support factored homeowners involved in our major planned repair programme for pre-1919 tenement homes in the city centre. Our asset teams will continue to work closely with City Building and other external partners to identify and exploit any new funding opportunities that may arise.

Year 1 programme (2023/24)

4.21 Our capital programme in Year 1 (2023/24) of the five-year plan has a total value of £52m (including all on-costs). This includes almost £22m for major property improvements, over £3m for the roll out of our district heating control management system, £15m for capitalised repairs and improvements in void properties and almost £3m for major medical adaptations. Our 2023/24 programme will deliver a range of work types and associated outputs, which will directly benefit almost 10,000 tenants.

5. Customer Engagement

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

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

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

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

Stronger Voices Investment Programme

5.4 Our investment plan supports our 'Stronger Voices' framework. It will deliver £5m of local customer priority investment identified to our frontline teams by our communities over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over £52m already allocated to deliver current customer priority investment work programmes such as new windows, heating, kitchens, and environmental improvements.

6. Environmental and sustainability implications

6.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £40m of energy efficiency improvements over the life of the five-year plan, which equates to almost 40% of the total core programme spend.

6.2 Our investment programme includes the use of new innovative technologies through our connected response programme of electric heating upgrades. This project will contribute positively towards the reduction of fuel poverty whilst also providing improved comfort and use flexibility with their heating. It will also help prolong the lifecycle of these electric heating assets, thereby reducing our landfill waste contribution.

6.3 The investment plan will help to support the ambition set out in our sustainability framework to replace heating systems that rely on natural gas and other fossil fuels with zero-carbon alternatives. We will review options including new emerging technologies whilst we await the outcome of the UK Government's planned introduction of hydrogen blending.

6.4 In preparation for the first EESSH2 regulatory reporting period we are continuing to develop a property-by-property assessment of current energy performance characteristics to determine the exact requirements up to 2032 for each dwelling.

6.5 Year 1 (2023/24) investment work has an anticipated carbon reduction value of 6,596 tonnes CO_2, which exceeds the overall group annual target of 4000 tonnes CO_2 resulting from investment in our homes. The electric heating control improvements discussed are expected to have the biggest impact based on analysis using the Energy Saving Trust Carbon Calculator, Energy Performance Certificate Emissions Factors and OFGEM Typical Domestic Consumption Values. This analysis shows the following anticipated CO_2 reduction impact across core programme investment activities in Year 1 (2023/24). Each new energy efficiency measure installed also provides an uplift to the property EPC score, which helps towards compliance with EESSH2. We remain on track to deliver our 20,000 tonnes target across the group by 2026, with WHG significantly contributing to the cumulative group carbon savings so far with over 12,000 tonnes.

6.6 As part of our recently approved sustainability framework, we intend to accelerate our carbon savings target from our 2021-26 strategy in order to achieve our net zero ambitions. Our aim for 2023/24 will be to reduce our CO2 emissions in excess of 6,000 tonnes.

Element of Programme	CO_2 reduction in tonnes	EPC score improvement
Gas Heating	230	+ 0 points
Electric Heating Controls	6275	+ 9 points
EWI	31	+ 10 points
Windows	60	+ 3 points

7. Digital transformation alignment

7.1 We will look to align our investment services with our digital transformation activity. We will look to provide more interactive and convenient methods for the customer to inform investment in their homes.

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

8. Financial and value for money implications

8.1 The investment programme will deliver value for money by:

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

8.2 The core investment programme of £103.8m is contained within the overall £258m five-year capital investment programme which includes voids, capitalised major repairs, adaptations and staff to deliver the programme as set out in the 2023/24 financial projections. All amounts include VAT.

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

11. Equalities implications

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

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

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

12. Key issues and conclusions

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

12.2 Customers will continue to shape our investment plans and we will empower housing officers to make investment decisions at the front line that delight our customers through our Think Yes for Investment programme.

12.3 Safety remains a key priority for us with over £9m earmarked for property compliance and fire safety related works over the next five years.

12.4 2023/24 will see the continuation of our accelerated SHNZ funded Connected Response programme. This will see over 7,000 benefitting from improved electric heating by the end of March 2024.

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

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

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

13. Recommendations

13.1 The Board is asked to approve our Five-Year capital investment plan 2023-2028

LIST OF APPENDICES:

Appendix 1: Five-Year Capital Investment Plan 2023-28

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

PROPOSED WHG PROGRAMME (INC VAT)						
WorkGroup	2023/24	2024/25	2025/26	2026/27	2027/28	
	£'000	£'000	£'000	£'000	£'000	TOTAL
Gas Heating	2,491	2,303	2,288	2,580	2,880	12,542
Net Zero/Low Carbon Heating (ASHP, District Heating etc)	0	0	0	1,800	0	1,800
Electric Heating Renewals	830	132	144	1,433	1,680	4,219
Connected Response (SHNZ funded 0% Vat) (Includes £170k for EPCs)	4,117	0	0	0	0	4,117
Low-rise Fabric	160	939	360	360	360	2,179
Pre-1919 Tenements (Major Fabric Repair)	600	299	360	360	360	1,979
Pre-1919 Tenements - Internal Retrofit (SHNZ funded 0% Vat)	200	0	0	0	0	200
Kitchen	1,326	1,200	2,702	3,100	2,440	10,768
Bathroom	466	580	611	611	1,200	3,467
Rewire	720	1,200	1,708	1,680	2,420	7,728
Windows & Doors	2,532	240	1,820	3,100	2,423	10,115
Environmental	2,105	3,124	2,536	300	900	8,964
Common Work	0	0	240	220	395	854
Mechanical & Electrical	966	450	480	300	300	2,496
High-rise Fabric	490	1,200	500	360	1,200	3,750
EESSH/Archetype Specific Energy Measures	240	0	0	0	0	241
Lift Replacements	833	1,320	2,250	1,500	1,800	7,703
Fire Safety	300	480	480	480	480	2,220
Living Well	80	0	0	0	0	80
Stronger Voices	1,000	1,000	1,000	1,000	1,000	4,998
Think Yes for Investment	200	200	200	200	200	1,002
Central Contracts (Non JV)	120	120	120	120	120	600
District Heating Component Replacements (Non JV)	108	228	168	180	600	1,284
District Heating Control Management System	3,500	0	0	0	0	3,500
Core Programme Total	**23,384**	**15,015**	**17,967**	**19,683**	**20,758**	**96,807**
Emergency Lighting Installations	1530	1980	0	0	0	3510
Smoke/Heat Detector Installs	72	72	720	720	720	2304
TMV Taps	479	234	172	168	179	1232
Capital Compliance Total	**2,081**	**2,286**	**892**	**888**	**899**	**7,046**
Core Programme & Capital Compliance Total (inc VAT)	**25,465**	**17,301**	**18,859**	**20,571**	**21,657**	**103,853**

Output projections for some of the **key** investment work streams **over the next five years** are shown below:

Heating

The Central Heating programme has a total value across the five years of **£22.6m**. The programme consists of £12.5m for reactive gas boiler replacements where existing boilers break down and cannot be repaired. The programme currently assumes a transition to hydrogen ready boilers from 2025/26. The timing and delivery phasing of this programme will be closely aligned with the geographical roll out of the wider decarbonisation of the national gas network. An additional allowance of £1.8m has been planned in year 4 of the programme to accommodate a change in approach if the transition to hydrogen doesn't proceed. This may include alternative low and zero-carbon alternatives such as Air Source Heat Pumps or Microwave heating where technically feasible and cost effective.

In addition, we will continue to deliver our innovative approach to improving the efficiency of electric storage heating through the Connected Response solution. Grant funding from SHNZ has enabled us to accelerate the delivery phase for this programme, with around 10,000 customers expected to have benefitted by the end of 23/24 financial year. This approach involves the retrofitting of technology to existing heating systems to provide the customer with greater control over when they heat their home, whilst also saving them money on their energy tariffs. There are further benefits to the organisation in terms of cyclical replacement costs, asset intelligence and potential revenue from services to the national grid.

Low-rise fabric

The Low-Rise Fabric (LRF) programme consists of the provision of External Wall Insulation (EWI) and roof replacement works. We have made provision of **£2.2m** over the next 5 years. This programme will consist of planned improvements to pre-stock transfer improved stock at Downcraig Drive in Castlemilk and an annual allowance for ad hoc requests.

Pre-1919 Tenements

Our five-year plan includes **£2m** for our contribution towards the refurbishment of our pre-1919 tenemental stock within the city centre. The programme will support the delivery of sandstone and roof repairs in mixed tenure blocks in the Saltmarket and High Street localities, helping to protect the long-term future of these historic and culturally important buildings.

The high level of private ownership within these assets has proven to be a significant blockage to delivering this much needed investment. The MyRepairs Investment Team successfully attained grant funding support from Glasgow City Council and Glasgow Heritage Trust in 2022/23 to support the first phase of major works in the High Street and we continue to work with the council to access financial support for future phases of the programme.

Kitchen, Bathroom and Rewire (KBR)

We plan to invest almost **£22m** in new kitchens, bathrooms and rewiring over the next 5 years. £12.6m will be allocated to delivering ad hoc, reactive KBR installations in vacant properties where we have previously been refused access to complete this investment through our planned programmes.

A further £6m will be allocated to lifecycle replacement kitchens, which is a high investment priority for customers. Finally, we will invest £3.4m in new efficient and effective mechanical extractor fans benefitting up to 5,000 tenants over the next 5 years. The programme phasing will be informed using data intelligence to identify trends from our repairs service which will help to identify problematic house types.

Windows and Doors

We plan to spend **£10m** on window replacements over the next 5 years, benefitting over 2,000 tenants. The programme will include ad hoc, reactive installations where we have previously been refused access or new acquisitions in addition to planned lifecycle replacements across the city. 2023/24 will see new energy efficient window installations in North Pollok, Gartcraig and Castlemilk.

Environmental

We will invest almost **£9m** in improving the environment within our communities over the next 5 years. The programme will include backcourt improvements for tenement stock including new bin storage provision and paths. In 2023/24 we will complete the second phase of backcourt improvements at Lethamhill and commence with our environmental masterplan at the Wyndford estate worth £6.5m over the next 3 years.

Common Works

We have allocated **£850k** to deliver common area improvements encompassing investment such as improved security (new controlled entry doors) and decoration of foyers and landing areas. Priority projects will be informed by our ongoing customer engagement activities.

Mechanical and Electrical

We will invest **£2.5m** via our Mechanical and Electrical (M&E) programme, which will see the replacement of Mechanical and Electrical infrastructure, predominantly within our Multi-storey stock. The 5-year plan will include for the replacement of vital service components such as communal fans, water tanks, pumps, and CCTV. In 2023/24 we will upgrade communal water pumps and tanks at Townhead MSF, Wyndford and replacement breaker tanks at Birness MSF. We will also investigate a pilot project to replace the downstacks within a MSF block as a means to pro-actively mitigate the effects of water penetration and dampness.

High-rise Fabric

Our High-rise fabric programme will involve over **£3.75m** of investment over the life of the plan. In 2023/24 we will replace the problematic roof at 25 Dougrie Place to alleviate current water penetration problems. 2024/25 will see the lifecycle replacement of the existing external wall insulation system at Crathie Court in Partick. We will also invest £2m in maintaining our existing EWI systems across our MSF portfolio which will include render cleaning and provision of bird protection.

EESSH2

Whilst we await the outcome of the Scottish Government’s review of the current EESSH2 standard, we have allowed funding in 2023/24 to facilitate the delivery of innovative pilots, which may contribute towards the delivery of our net zero ambitions. This will include the installation of SolShare Solar PV technology on the roofs of flatted developments, helping customers residing in tenements to benefit from solar power generation.

Lift Replacements

Almost **£8m** will be invested in new efficient and reliable lifts within MSF stock across the city. 2022/23 will see the completion of 80&90 Charles Street and Dougrie MSFs. 2023/24 will see the commencement of the 2nd phase of replacements at Kingsway Court and the upgrade of lifts at Linkwood. We also plan to install new lifts at Acre Drive, 140-160 Charles Street, Kennishead, Hillpark, Blairdardie and Kirkton Avenue over the next 5 years.

Fire Safety

£2.2m has been allocated over the five-year plan to fund enhanced fire safety measures for our most vulnerable customers including stove guards and fire-retardant bedding packs. The programme will also facilitate the delivery of improvements recommended from our FRAs and any reactive investment requirements in the event of major fires.

Customer Voice

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

Think Yes for Investment

We introduced a new staffing facing initiative in 2022/23, which empowers our frontline housing teams to make decisions on investment that will deliver great outcomes for customers. This programme has been well received by front line housing management colleagues, with nearly 30 customers benefitting from a range of improvements such as internal decoration and improvements to their gardens such as new paths and fencing. We will continue to support this programme over the next five years with £1m allocated to support housing officers in instructing small improvements such as a new kitchen, bathroom or painting a close where they feel the work is justified and is a priority for customers.

District Heating Component Replacements

£1.3m has been allocated to facilitate the lifecycle replacements of critical system components for our existing district heating systems.

District Heating Control Management System

£3.5m has been allocated in year 1 of our programme to deliver a new control management system encompassing 1,741 homes that are connected to a district heating network and which are managed in-house. The programme will be delivered over two phases. Phase 1 will encompass 815 homes connected to Biomass networks at Broomhill, Gorget and Collina. Phase 2 will include 526 HIU sites at Hinshelwood, Lincoln Avenue, Kelvindale, Westfield Avenue, Lasswade Road, Dalry Road and 400 Heat with Rent properties at Laurel Street, Acre Road/Drive and other addresses across the city.

Capital Compliance

£7m of capital compliance works will be delivered over the next five-years to ensure our homes are safe and secure and to provide assurance that we are meeting our statutory and regulatory compliance obligations. This programme will encompass a range of activities including the installation of emergency lighting in all our high-rise flats by 2023/24, smoke and heat detector upgrades across all stock types and the installation of new Thermostatic Mixer Taps.

Wheatley Homes Glasgow

Report

To: **Wheatley Homes Glasgow Board**

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

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

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

Date of Meeting: **10 February 2023**

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1. Purpose

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

2. Authorising and strategic context

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

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

3. Background

3.1 We have not been able to undertake our usual annual surveys due to the pandemic. As a result, it was agreed that smaller scale pulse surveys would be undertaken during 2022 to establish a post Covid position and test the changes in satisfaction in specific areas. The pulse survey showed that customer satisfaction with our management of the neighbourhood was 70%.

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

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

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

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

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

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

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

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

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

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

4. Discussion

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

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

ASB and Noise - Actions

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

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

Noise complaints

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

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

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

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

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

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

4.9 In Wheatley Homes Glasgow, we have successfully trialled the noise app in cases across the city. For example, in one case in the North-West of the city, recordings gleaned from the app were utilised in mediation sessions between neighbours. These helped to provide evidence and a focal point for resolving neighbourly discord. Following mediation, these neighbours have been able to live more amicably beside each other with a better understanding of differing lifestyles.

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

4.11 At present the app is used on a case-by-case basis, usually where there have been repeated complaints about noise and potential anti-social behaviour. Housing Officers are using the app with customers in appropriate circumstances, and from April to December 2022 it was used by 51 customers in Wheatley Homes Glasgow. Across the Group almost 4,000 noise recordings have been made.

Wider ASB issues

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

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

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

4.15 Our customers have told us that they become particularly dissatisfied when there is repeated ASB and they feel that we have not been able to resolve this. In response we have created a Prevention and Solutions Team which focuses on avoiding the escalation of repeat cases of ASB, with a particular focus on identifying cases which involve vulnerability such as mental health or addiction issues. In Wheatley Homes Glasgow, we have seen a 9% reduction in repeat ASB cases compared to this time last year.

4.16 The Prevention and Solutions Team, comprises one Anti-Social Behaviour Prevention and Early Intervention Officer and 2 designated Police Officers from our Community Improvement Partnership. In Glasgow, between June and December 2022 the team visited 74 addresses identified as problematic in terms of having repeat incidents of noise and nuisance. These interventions can include customer warnings, recorded police warnings, anti-social behaviour fixed penalty notices and anti-social behaviour orders. Following their interventions, we have only had repeat reports of ASB at 19 of these addresses.

4.17 In addition to this, the Prevention and Solutions Team have established an agreed approach with Glasgow City Health and Social Care Partnership's newly created Complex Needs Case Team, to support our most vulnerable customers who are repeat perpetrators of recorded ASB. Relevant staff meet with the Complex Case Team every 2 months to discuss individual cases of concern with the aim of understanding and managing the factors contributing to ASB such as addiction or mental health concerns. This supports a joined-up approach and ensures statutory intervention as required. We will monitor the impact of this through the changes in the levels of repeat ASB.

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

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

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

4.21 In Wheatley Homes Glasgow, our positive relationships with our partners e.g. local policing, Glasgow Health and Social Care Partnership and elected members are vital to addressing issues within our neighbourhoods. With monthly ASB tasking meetings with community police, open dialogue with elected members and regular case discussions and shared training with Glasgow HSCP, we continue to work together to address local issues in a challenging climate.

ASB and noise – customer insight and engagement

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

4.23 The CIP are currently engaging with 23 families in WHG who were involved in the families research, to better understand what improvements or enhancements could be made to our service delivery to increase their confidence and levels of satisfaction, in the way we respond to reports of anti-social behaviour.

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

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

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

NETs communication and feedback

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

Action	Timescale
Deployment of NETs app	Complete
Environmental campaign and week of action	March 2023
Customer online interaction with NETs service	March 2023
Customer feedback on NETs service through MyVoice	Autumn 2023

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

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

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

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

NETs engagement and insight

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

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

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

Communication about our role and actions related to ASB

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

Action	Timescale
ASB customer awareness sessions	Complete
Local newsletters	March 2023

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

4.37 The Community Improvement Partnership (CIP) has also delivered ASB Customer Awareness sessions across all our RSLs. This involved 31 Wheatley Homes Glasgow customers from a range of ages, geographies and household types. This was used to better understand the main issues that are affecting communities. The main issues related to noise nuisance, drug dealing and safe places for children to play.

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

4.39 Across Group we are developing local newsletters to ensure customers are better informed about our work, services and achievements. In Wheatley Homes Glasgow, we are piloting the local newsletter in a small number of communities to gain feedback from customers before rolling it out across the city. Data Protection regulations limit what we can say to other customers about individual cases, but we are working with the Information Governance team to establish how we can provide more information to customers on their particular complaints.

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

5. Customer Engagement

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

5.2 Our whole families research was a major project in 2022 and has impacted our approach across a number of services. It provided extensive feedback from 1,800 survey responses and detailed information from focus groups. Just under 1,100 of the responses were from our tenants. This provided strong evidence of the importance of dealing with ASB, the need for better communication and the importance of noise related issues to our customers.

5.3 This information has been backed up through our engagement with Customer Voices at city-wide and geographical level. The same issues have been raised at these events.

5.4 We are currently carrying out research with our Customer Voice customers to help ensure that we have suitable representation to match our tenant profile. The table below shows the current age profile for Wheatley Homes Glasgow as obtained from the equality and diversity research carried out recently.

Age group	Customer Voice	E& D response
16-24	0%	1%
25-34	8%	5%
35-44	16%	10%
45-54	26%	16%
55-64	32%	25%
65+	18%	43%

5.5 This shows that we have managed to increase participation amongst younger age groups which were previously under-represented. The Customer Voice profile for older people is lower than that shown in our equalities survey. However, we expect this to increase as we continue the research. The current wave of information has come from digital returns. Once that is complete we will undertake further face to face work to cover all Customer Voices. This may change the overall percentages.

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

Stock type	Customer Voice %	Stock profile %
House	29%	17%
Low-rise flat	44%	60%
High rise flat	27%	23%

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

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

5.9 During 2022, CIP engaged with 90 customers across Group including 31 Wheatley Homes Glasgow customers about issues or concerns relating to ASB as part of this. In 2023, further follow up work will be undertaken with families. This will include 23 customers in Glasgow. The Wheatley Place pilot will also involve customers in detailed analysis of issues in their area.

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

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

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

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

- Social landlords will have the power to convert an existing tenant's Scottish Secure Tenancy (SST) to a Short SST (SSST) or to grant a SSST to a new tenant in cases where there is evidence that the tenant, a member of their household, or a visitor, has been involved in antisocial behaviour in or near their home within the last three years;
- Simplifying the eviction process in cases involving serious antisocial behaviour by allowing social landlords to make use of an existing conviction as grounds for possession. The tenant must have been convicted within the last 12 months; and
- Clarifying that a social landlord can suspend an application for social housing under certain prescribed circumstances.

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

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

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

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

- **Indicator 13:** Percentage of tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in; and
- **Indicator 15:** Percentage of antisocial behaviour cases in the last year which were resolved.

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

10. Risk Appetite and assessment

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

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

11. Equalities implications

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

12. Key issues and conclusions

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

- a new approach to managing noise complaints which form a significant proportion of ASB issues and which customers tell us drive dissatisfaction;
- Improved communication with customers around ASB so they have a clearer understanding of the processes which need to be followed and receive updates on what has been done; and
- Interactive access to our environmental services to see in real time what services they receive, what has been completed and to record their satisfaction levels with these services

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

13. Recommendations

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

Report

To: **Wheatley Homes Glasgow Board**

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

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

Subject: **Performance report**

Date of Meeting: **10 February 2023**

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1. Purpose

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

2. Authorising and strategic context

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

2.2 We measure progress with the implementation of our five-year strategy via the Group Performance Management Framework ("PMF") agreed in June 2021. Given the need to remain agile and flexible through the life of the strategy our PMF is subject to annual review. The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2022/23 at its meeting in April 2022. This Board subsequently agreed our own specific performance measures at its meeting on 30 May 2022

3. Background

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

3.2 Each year we review our measures and targets to ensure that they remain fit for purpose. This process has commenced for 2023/24, alongside a wider refresh of our 5-year strategy. This work includes a close look at our repairs performance framework – with emphasis on ensuring the customer perspective is captured and used to drive ongoing improvements – and will feed into Board strategy workshops.

3.3 To reflect our differing rent billing cycles, financial rent-based measures in Appendix 1 report legacy properties as "WHG A" and former Cube properties that transferred in April 2021 as "WHG B".

4. Discussion

Delivering Exceptional Customer Experience

Customer First Centre

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

Table 1

Measure	2021/22	2022/23		
	Value	Value YTD	Target	Status
WHG - % calls answered <30 seconds (Grade of Service)	N/A	79.47%	80%	
WHG - Average waiting time (seconds)	N/A	48.33	30	
WHG - Call abandonment rate	N/A	3.75%	7%	
Group - % first contact resolution at CFC (Customer Service Advisors)	92.33% (March 2022)	89.08%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	N/A	6.78%	<10%	

4.2 The CFC have answered 79.47% of calls from our customers within 30 seconds, against a target of 80%. The two weeks of extreme cold weather leading up to Christmas placed significant pressure on the CFC with call volumes across the Group close to doubling, presenting at upwards of 6,000 calls per day.

4.3 As would be expected, repairs enquiries to the CFC made up a greater proportion of calls handled than in the previous month (approximately 56% up from 48% in November). This sharp increase in demand impacted year to date performance, with grade of service and average waiting time both increasing from that reported to the end of the previous quarter (83.33% and 29s respectively).

4.4 Although calls were taking longer to answer during this busy period, a greater proportion of calls year to date were resolved at first contact (89.08% up from 88.58% to the end of Q2). The volume of calls also impacted the abandonment rate, which increased to 3.75% year to date from 2.81% reported to the end of Q2. The Q3 year to date figure is still significantly outperforming the target of 7%.

4.5 Call volumes are now returning to the expected levels of 3,500 per day. Additional cold spells during quarter 4 could further impact the likelihood of achieving year end targets. The CFC is inducting 20 new staff in January and February which will support service levels in the future.

Tenancy Sustainment

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

Table 2

Tenancy Sustainment	Charter YTD	2022/23 Target	Revised YTD	2022/23 Target
WHG	90.05%	90%	91.59%	91%

Complaints Handling

4.7 Performance for the ARC measure – average time for a full response to complaints – is achieving target year to date. There is room for improvement in stage 1 performance against the SPSO measure % of complaints that were fully closed within the timescale of 5 days, at 90.58% year to date. Positively, 100% of complaints that went direct to stage 2 are fully closed within the 20 day timescale. This is only slightly lower at 96.01% for complaints escalated to stage 2.

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

4.9 We have created a new Business Improvement Team (BIT) which is focussed on delivering a complaints improvement plan which will focus on:

- Increased awareness of the importance of complaints
- Improved analysis and learning.

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

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

4.12 Year to date performance to the end of quarter 3 for ARC and SPSO measures is shown in Appendix 3. In future years, Boards will receive this information twice a year, after Q2 and Q4.

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

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

4.14 A key focus for actions at present is around our repairs services. We know that approximately 60% of all complaints relate to repairs. Repairs are a major part of the business and we would therefore expect a high volume in this area; nonetheless, we have identified areas for improvement around repeat repairs, failed commitments and escalated complaints. Our new approach to mould and dampness will also assist with this.

4.15 More detailed analysis and learning are also being progressed. Initial lessons learnt include:

Repairs & Maintenance

- 'You Said' – Some customers have told us that we have not turned up to complete follow on repairs when we said we would and that it can take a number of visits to resolve complex issues.
- 'We did' – We have established new processes to review our commitments to customers and ensure that these are completed. We have also introduced new ways of working around mould and dampness and for plumbing to limit the number of repeat visits. We are working to develop a new tracking system for repairs which will provide real time updates about appointments.

Estate Services – Stair Cleaning Services

- 'You said' – Some customers told us that the regular cleaning of the common areas has been missed, not completed to an acceptable standard and sign off sheets within the close are missing or not completed.
- 'We did' – We have rolled out the use of a 'Mobile App' which provides the opportunity for each cleaning squad to seek sign off from customers on completion of the cleaning service providing a 'Real Time' digital record logging customer satisfaction. In addition, staff will be able to send back pictures of the common areas. Each cleaning team will have access to the mobile app.

ASB

- You said – We received some complaints from customers that we were not dealing with noise issues as they would like. We also received this feedback from some customer engagement events.
- We did – It was often difficult for us to take action in relation to noise because there was little hard evidence. We have now been able to introduce a "Noise app". This allows customers suffering repeated incidents of noise to record these. The recordings can help those creating the noise to understand the impact it has and this is often enough to change behaviour. The recordings can also be used as evidence for more formal actions.

Customer Voices

4.16 Our customer voice programme is exceeding all year-to-date targets with the majority having already achieved the annual targets. Recruitment is ongoing to meet the remaining year-end target and to ensure we are well positioned to develop our involvement with those customers through new engagement plans for 2023/24.

4.17 A key focus for our Customer Voices has been to diversify the range of tenants engaging with us. We have a new Customer Voice registration form which has been digitised onto MS forms and we are working to get all our customer voices, both new and existing, to complete the new form. The registration was released a week ago and 23% of WHG customer voices have already responded. Our Stronger Voices team will be doing another push to complete this and we will carry out follow up emails/calls to those who are unable to complete the online survey. This will enable us to produce demographic information more efficiently and effectively for planning and reporting purposes.

4.18 During November 2022, 12 rent focus groups took place with WHG customers across Glasgow with a mixture of online and in-person sessions and 134 customers attending. The process, reported to Boards separately, engaged tenants on proposed options for rent and general service charge increases prior to a formal rent consultation. Focus Groups were organised with support from the Stronger Voices team and facilitated by independent research consultants BMG.

4.19 A Regional panel event took place this quarter which focussed on issues relating to investment and compliance and community safety. A scrutiny ‘bootcamp’ was also facilitated which engaged over 25 WHG customers to explore what is meant by ‘scrutiny’ in a housing context.

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

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

Table 4

Customer Voices Measure	Actual YTD	Target YTD		Annual Target
Number of Customers involved in the Customer Voices programme	860	751		1,000
Number of the Customer Voices activities carried out	652	326		434
Number of Geographical/ Regional panels	11	6		9
Number of customers involved in Geographical/ Regional panels	316	171		300
Number of Scrutiny panels	12	8		12

New Build Programme

4.22 Our target is to deliver a total of 155 new homes in 2022/23; 53 of which carried over from 2021/22. Of these new homes, 129 are MMR and 26 social rent properties. Year to date to the end of quarter 3 we have completed 103 new homes.

4.23 As reported in previous quarters, handovers have included 26 social rented units at Damshot Crescent, 27 MMR units at Hurlford Avenue 46 MMR units at Watson Street Phase 2.

4.24 Sighthill remains on site with further completions profiled for this financial year. We continue to monitor this project closely and manage quality issues to resolution, which has an impact on programming. In addition to the 4 properties handed over in December, there are a further 32 handovers anticipated this financial year. The remaining units in this project are now not anticipated to hand over this financial year; meaning it is unlikely that we will achieve the 155 target by 20 MMR units.

Table 5

Sites	Handovers (YTD)	Target (YTD)	Diff.
	103	155	-52
Damshot (Social)	26	26	0
Hurlford Avenue (MMR)	27	27	0
Watson St Ph2 (MMR)	46	46	0
Sighthill (MMR)	4	56	-52

Planned to Reactive Spending

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

4.26 As shown in Table 6, our planned spend ratio is now 48.9% year to date to the end of quarter 3. This has reduced from the position to the end of the previous quarter 2 (50.6%) yet is similar to that to the end of quarter 1 (49%). The increase in variance for planned spend compared to full year 2021/22 is the result of the decision taken at the start of the year to prioritise reactive repairs - to reduce the backlog from 2021/22 - and the ongoing high repairs demand since quarter two - heightened due to the cold weather in December - and means that we are unlikely to achieve 60% target by year end given.

Table 6

Percentage Spend	2021/22 Planned spend	2022/23 YTD Planned	2022/23 YTD Reactive
WHG	65.0%	48.9%	51.1%

Volume of Emergency Repairs

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

4.28 Emergency repair numbers had been tracking upwards during quarter 3 and peaked during the freezing temperatures and subsequent thaw in December. This is evident in the change in our variance, having increased to +5.2% to the end of quarter 3 from +0.59% reported to the end of quarter 2. It is anticipated that we may reduce the variance closer to target by year end, albeit with volumes similar to 2021/22. The approach to managing repairs demand overall will be supported through the new MyRepairs structure, implemented mid-January 2023.

Table 7

Completed emergency repairs to end of December 2022	YTD 21/22	YTD 22/23	Variance
WHG	49,662	52,246	+5.2%

Repairs Timescales and Right First Time

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

4.30 The average time taken for the year to date to complete our emergency and non-emergency repairs is detailed in Table 8, with both above target. Emergency timescales have increased to 3.41 hours year to date (2.81 hours in Q2). Non-emergency repair timescales have however reduced slightly to 8.62 days year to date (8.98 days to the end of Q3). The position is being regularly monitored through quarter 4.

Table 8

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	YTD Value	Target	YTD Value
WHG	3.00	3.41	5.50	8.62

4.31 The % of Repairs Right First Time year to date to the end of Q3 (92.08%) has recorded an improvement on the position reported to the end of Q2 (90.89%) and is meeting the 92% target. Given emergency demand in December, a higher number of non-emergency repairs were live at the end of quarter 3 creating challenges for further improvement on this measure to quarter 4/year-end.

Table 9

Percentage of repairs right first time (Charter)	2021/22	2022/23 YTD	Target	
WHG	91.03%	92.08%	92%	

Repairs Satisfaction (postal returns)

4.32 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has been increased from 87% last year to 89% this year. We are meeting target at 89.39%.

4.33 This is based on a rolling 12 month period. Satisfaction is based on the postcards we issue after repairs, returned via white mail, having generated 4,196 survey responses in the 12 months to December. The number of survey responses has increased significantly from the same point the last two years (884 in Dec '21 and 2,822 in Dec '20) and is moving closer to pre-covid levels (5,268 in Dec '19).

Table 10

Repairs Satisfaction	Current value	2022/23 Target	
WHG	89.39%	89%	

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

Responsive repairs: Damp and mould

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

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

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

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

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

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

4.37 We currently have 405 live cases for mould and 31 live damp and rot repairs. A breakdown of the current status of all mould cases is as follows:

Total Live cases	**Category 3**	**Category 2**	**Category 1**	**Scheduled for inspection**	**No access – pending reappointment**
405	107	41	0	160	97

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

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

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

Medical Adaptations

4.41 Time to complete medical adaptations has further improved in the year, with the average days to complete year to date at 23.47 compared to 25.7 to the end of quarter 2. We have completed 957 adaptations, an increase on the 660 to the end of quarter 2 and currently have 75 households waiting.

Table 11

Medical Adaptations (Charter)	**Current Households Waiting**	**Number Completed YTD**	**Average Days to Complete YTD**	**Target**
WHG	75	957	23.47 days	35

Gas Safety

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

Changing Lives and Communities

Peaceful Neighbourhoods

4.43 The Group strategic measure is that by 2026 over 70% of our customers live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving.

4.44 The most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour to Police Scotland. As at the end of December 2022, 72.2% of our communities are categorised as 'Peaceful'

4.45 There are currently 12 live ASB 'packages' within our communities – 2 in the North West, 7 in the North East and 3 in the South. Each package consists of all information/intelligence we have on a person who is a persistent perpetrator.

Accidental Dwelling Fires

4.46 We set a Strategic Result to reduce accidental dwelling fires (ADFs) by 10% by 2025/26, this is against the baseline of 152 ADFs in 2020/21. We achieved this target in Year 1 of the strategy with 121 ADFs in 2021/22. We have had 94 ADFs year to date to the end of quarter 3 compared to 107 at the same point 2021/22.

Table 12

Number of recorded accidental dwelling fires	2021/22	2022/23 YTD Q3
WHG	121	94

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

Table 13

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

Reducing Homelessness

4.48 Year to date to the end of quarter 3, we have made 1,072 lets to homeless applicants. We are the largest contributor to the Group total of 1,793 lets made in the year to date, against the Group year to date target of 1,500.

4.49 When we consider the targeted measure of percentage of relevant lets made to homeless applicants – 'relevant lets' exclude mutual exchange, transfers and LivingWell lets for which we are limited to let to homeless applicants – we are at 51.2% year to date to the end of quarter 3 against a target of 60%. Our result for this year has been impacted by priority letting for our customers moving from the Wyndford 26 storeys. The percentage of relevant lets to homeless applicants has improved slightly in the third quarter, with year to date results increasing from 50.9% at the end of the last quarter.

Table 14

Percentage Lets to Homeless Applicants	Relevant Lets			Charter	
	YTD 2022/23	Target	2021/22 Result	YTD 2022/23	2021/22 Result
WHG	51.2%	60%	58.3%	49.6%	55.7%

Developing our Shared Capability

Sickness Absence

4.50 We remain within the 3% sickness target at 2.77% year to date.

Table 15

Sickness Rate	Target	2022/23 YTD	2021/22
WHG	3%	2.77%	2.29%

4.51 The top two reasons for absence for us in December are Minor Illness (38%) and Stress/Anxiety (31%). This is consistent with the position across Group and is reflective of the virulent strain of cold/flu that affected the general population during December 2022 (Minor illness) and of the external pressures staff are experiencing (Non-work related stress and anxiety).

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

Board Governance and Administration

4.53 The following measures are indicators of the underlying strength of our Boards and administration and will be reported quarterly in line with the Board timelines. In quarter three, there were two vacancies across Group and subsidiary Boards. An update on the work underway to fill our own vacancy is covered in a separate paper. Average attendance levels across Group and Subsidiary boards remains at 82%. There were also no instances where board reports were not issued 7 days in advance of Group and Subsidiary Boards within Q3, which was the same position as Q1 and Q2.

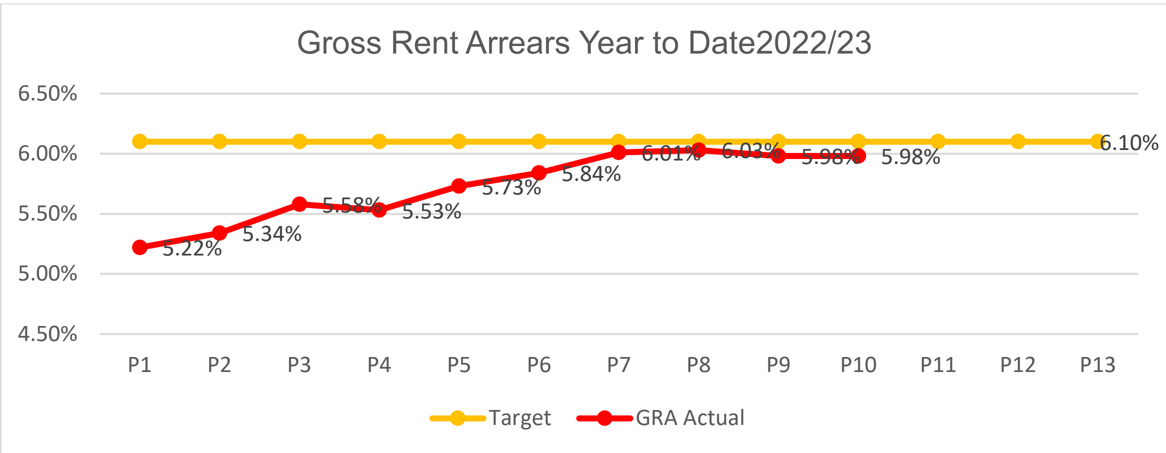
Table 16

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

Enabling our Ambitions

Gross Rent Arrears

Chart 1



4.54 Our aim is to reduce gross rent arrears to 4.82% by 2026, with our target for this year 6.1%. We remain within target at 5.98%, which confirms the rate of increase has levelled off. We are proactively working to address arrears issues and support customers. This work is carried out throughout the year, including the recent Rent Campaign. Key initiatives include:

- Prioritising action to be taken for new claims, suspensions and appeals.
- Focus on increasing and high balance cases and transferred tenants with credits in former accounts.
- Engage with our customers who are at crisis point to provide them with support through our "Here for You" fund.
- Locality Housing Director escalation letter for non-engagers.
- Following the success of Rent Days late last year, WHG will be conducting a refresher Rent Day led by Housing Officers sharing best practice and utilising support services such as GDRT, WBAs etc.

Average Days to Re-Let (Charter)

4.55 Letting time year to date to the end of quarter 3 is 21.31 days as shown in table 17. This is continued improvement on our year to date position to the end of quarter 2 (23.44 days) and quarter 1 (26.80 days).

Table 17

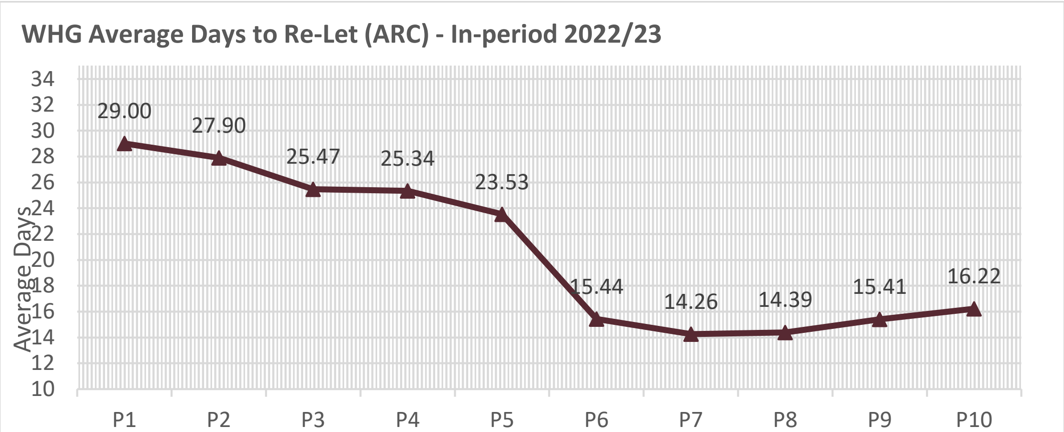
Average days to re-let (Charter)	2022/23 YTD		2022/22 Target	2021/22 Results
WHG	21.31		16	23.48

4.56 As demonstrated in Chart 2, our letting times have been improving period on period through Periods 6 to 9 this year, and while just over target in Period 10, the average during the third quarter was 15.4 days.

4.57 This improvement has been achieved through excellent collaboration between the various teams involved in void management – the Housing Officers, City Building, and the NETs team. Locality Housing Directors continue to identify barriers to void turnaround and work in partnership with wider teams to remove these. For example, we have been working closely with the Void 360 team to improve turnaround time on void clear outs.

4.58 One of the challenges currently impacting our void turnaround is the delays in resolving utility issues e.g. debts on meters or missing pre-payment keys where engagement from utility providers is an issue. This is a sector wide challenge we are now working with the SFHA to raise awareness of this issue with the Scottish Government.

Chart 2



4.59 At our last meeting the Board agreed a longer term approach to the LivingWell properties where there is low demand, which will support improved performance in future. An update on progress with this is covered in more detail in a separate report.

Summary of Strategic Project Delivery

4.60 An update on progress with strategic projects is attached at Appendix 2. The following table summarises the current status of projects by programme stream. Seven projects have completed, 9 are on track, two are showing slippage and one is overdue.

Table 18

Programme Stream	Complete	On track	Slippage	Overdue
Repairs	3	1	0	0
CFC	1	2	0	0
Engagement	2	1	0	0
Assets & Sustainability	0	3	1	0
Governance	1	0	1	0
Other	0	2	0	1
Total	**7**	**9**	**2**	**1**

4.61 Two projects completed during quarter 3:

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

4.62 The following two projects have proposed milestone updates:

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

- A milestone change for the *Asset Strategy for Glasgow* project, part of the Assets & Sustainability Programme Stream, is proposed to reflect the next steps detailed in the appraisal now undertaken. The proposed milestone changes do not change the completion year and are as follows:

Original milestones	Proposed new milestones
2. Asset strategy approved by ET	2. Engage frontline
3. Asset strategy and approach to customer engagement during implementation approved by Wheatley Homes Glasgow Board	3. Refine assessment
	4. Set out approach to March WH Glasgow board

4.63 The changes for the asset strategy are focussed on maximising engagement with frontline staff to both raise awareness of the work undertaken and will ensure the strategy fully reflect local issues and priorities. The strategy will still be discussed at the March strategy workshop.

4.64 [redacted]

5. Customer engagement

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

6. Environmental and sustainability implications

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

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

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

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10. Risk appetite and assessment

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

11. Equalities implications

11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

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

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

12. Key issues and conclusions

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

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

12.3 We continue to have strong performance in several key areas with the Customer Voices programme already meeting annual targets in 4 out of 5 measures and gross rent arrears, tenancy sustainment, adaptation completion timescales and staff absence remaining on target. Progress has been made with letting times and lets to homeless and these remain in focus. While the delivery of the MMR new build in Sighthill is not expected to be fully delivered in 2022/23, further units are anticipated to handover by year end.

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

13. Recommendations

13.1 The Board is asked to note the contents of this report and to approve the project changes at 4.62.

List of Appendices

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

Appendix 1 - WHG Board - Delivery Plan 22/23 - Strategic Measures

1. Delivering Exceptional Customer Experience

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	6.05	5.62	6	
Average time for full response to all complaints (working days) - Stage 1	3.98	3.97	5	
Average time for full response to all complaints (working days) - Stage 2	20.8	18.4	20	
Group - % of first contact resolution at CFC	92.33% (March 2022)	89.08%	90%	
Group - Call abandonment rate	3.81% (March 2022)	4.46%	7%	
WHG - Call abandonment rate	New	3.75%	7%	
Group - % calls answered <30 seconds (Grade of Service)	85.42% (March 2022)	80.57%	80%	
WHG - % calls answered <30 seconds (Grade of Service)	New	79.47%	80%	
Group - Average waiting time (seconds)	30 (March 2022)	54.76	30	
WHG - Average waiting time (seconds)	New	48.33	30	
Number of customers involved in Customer Voices Programme	New	860	751	
Number of customer voices activities carried out	New	652	326	
Number of WHG Geographical panel sessions	New	11	6	
Number of customers involved in Wheatley Homes Glasgow Geographical panels	New	316	171	
Number of Scrutiny focus groups	New	12	8	

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% new tenancies sustained for more than a year - overall	92.26%	90.05%	90%	

2. Making the Most of Our Homes and Assets

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Reduce the volume of emergency repairs by 10% by 2025/26	Apr to Dec 21/22 – 49,662	52,246	+5.20%	
Average time taken to complete emergency repairs (hours) – make safe	3.12	3.41	3	
Average time taken to complete non-emergency repairs (working days)	8.07	8.62	5.5	
% reactive repairs completed right first time	91.03%	92.08%	92%	
Number of gas safety checks not met	0	0	0	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service	88.77%	89.39%	89%	
Average time to complete approved applications for medical adaptations (calendar days)	38.19	23.47	35	
% Planned repair spending	64.96%	48.90%	60%	
% Reactive repair spending	35.04%	51.10%	40%	
New build completions - Mid-market	142	77	129	
Number of HSE or LA environmental team interventions	0	0	0	
Number of accidental fires in workplace	0	0	0	
Group - Number of open employee liability claims	8	8	Contextual	

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Group - Number of days lost due to work related accidents	258	309	Contextual	
Number of new employee liability claims received	0	0	0	

3. Changing Lives and Communities

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% ASB resolved	100%	89.09%	98%	
% Lets Homeless Applicants - overall (ARC)	55.73%	49.63%	Contextual	
% Relevant lets to Homeless Applicants	58.29%	51.19%	60%	
Number of lets to homeless applicants (10,000 for Group by 2025/26)	1,683	1,072	Contextual	
WHG - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	361	229	284	
Group - Over 70% of our customers live in neighbourhoods categorised as peaceful	70.1%	72.2%	68.5%	
Group - 100% of relevant properties have a current fire risk assessment in place	100%	100%	100%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue	121	94	Contextual	

4. Developing Our Shared Capacity

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Group - Number of vacancies across Group and Subsidiary Boards	New	2	Contextual	
Group - Attendance levels across Group and Subsidiary Boards	New	80.5%	Contextual	

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
Group - Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	New	0%	5%	
% Sickness rate	2.29%	2.81%	3%	

5. Enabling Our Ambitions

Measure	2021/22	YTD 2022/23		
	2021	2022		
	Value	Value	Target	Status
% lettable houses that became vacant	7.83%	7.25%	8%	
% court actions initiated which resulted in eviction - overall	69.57%	14.91%	25%	
Average time to re-let properties	23.48	21.31	16	
WHG C - Gross rent arrears (all tenants) as a % of rent due	5.16%	5.98%	6.1%	
WHG A - Gross rent arrears (all tenants) as a % of rent due	5.15%	6.03%	Contextual	
WHG B - Gross rent arrears (all tenants) as a % of rent due	5.19%	5.11%	Contextual	

Appendix 2 - WHG Board - Delivery Plan 22/23 - Strategic Projects

A. Repairs Programme Stream

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

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

B. CFC Programme Stream

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

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

C. Engagement Programme Stream

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

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

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

D. Assets & Sustainability Programme Stream

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

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Draft framework reviewed by Advisory Group	31-Jul-2022	Yes	
				04. Update on sustainability framework and independent review to Group Board	31-Aug-2022	Yes	
				05. Independent review complete	30-Sep-2022	Yes	
				06. Draft framework and outcome of independent review to ET	31-Oct-2022	Yes	
				07. Draft framework approved by Group Board	31-Dec-2022	Yes	
				08. Group wide launch of strategic sustainability framework	31-Jan-2023	No	
Asset Strategy for Glasgow (b)	31-Mar-2023		33%	01. Strategic assets appraisal undertaken for Glasgow, taking into account our planned development programme and liaison with partners (GCC)	31-Dec-2022	Yes	Presentation and discussion at ET on 15/12/22 concludes appraisal. A project milestone change is proposed to reflect the next steps detailed in the appraisal. This would require milestones 2 and 3 to be replaced with: 2. Engage frontline 3. Refine assessment 4. Set out approach to March WH Glasgow board at the strategy workshop.
				02. Asset strategy approved by ET	31-Jan-2023	No	
				03. Asset strategy and approach to customer engagement during implementation approved by Wheatley Homes Glasgow Board	31-Mar-2023	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Wyndford Regeneration (b)	31-Mar-2023		40%	01. Issue demolition tender documents	30-Jun-2022	Yes	A more detailed update will be provided at the meeting through a specific agenda item.
				02. Co-create investment plans with customers and seek their input on new build proposals including the Wyndford Future Focus Group	31-Mar-2023	Yes	
				03. Update to Wheatley Homes Glasgow Board	31-Mar-2023	No	
				04. Conclude our rehousing strategy	31-Mar-2023	No	
				05. Masterplan agreed with GCC	31-Mar-2023	No	

E. Governance Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Equality, Diversity & Inclusion (b)	31-Oct-2022		100%	01. ET agree proposed survey approach for staff and tenants	31-May-2022	Yes	Complete as previously reported
				02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval	31-Aug-2022	Yes	
				03. Equalities results from customer data collection exercise analysed and proposed actions to Group Executive	30-Sep-2022	Yes	
				04. Update SHR Annual Assurance Statement on progress with equalities	31-Oct-2022	Yes	
Updated Strategic Agreement with GCC (b)	31-Mar-2023		0%	01. Group Executive agree an outline updated strategic	30-Sep-2022	No	A revised draft has been

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				agreement for discussion with GCC			issued for consideration and will now be progressed as part of the BD Oversight Group. Completion is scheduled for 17/2/23 and to go to Group Board 22/2/23 and relevant GCC Committee on 7/3/23 for approval. This is also planned to form part of the discussion at the March Board workshop.
				02. Present outline strategic agreement to Group Board for consideration	31-Oct-2022	No	
				03. Update to Wheatley Homes Glasgow Board	30-Nov-2022	No	
				04. Board approvals of draft strategic agreement with GCC	28-Feb-2023	No	
				05. Present to GCC for approval	31-Mar-2023	No	

H. Other - Changing Lives & Communities

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Implement year 2 of the Group Homelessness Framework (b)	31-Mar-2023		75%	01. Undertake a review of existing customer engagement in homelessness service design and delivery	30-Jun-2022	Yes	Milestone 3 now complete. We have agreed with Performance Team and Business Improvement team proposals for improvements for reporting and monitoring of tenancy sustainment. These will be presented to DMT and ET prior to next milestone deadline of 31st March 2023.
				02. Develop an action plan to maximise engagement opportunities	30-Nov-2022	Yes	
				03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting	31-Dec-2022	Yes	
				04. Proposal drafted and available for ET review	31-Mar-2023	No	
Review of group allocations policy and systems (b)	31-Mar-2023		80%	01. Updates to policy agreed by ET and RSL Boards for consultation with tenants	31-May-2022	Yes	Milestone 4 (final milestone) in the project is to undertake testing of new

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				02. Undertake customer consultation	31-Jul-2022	Yes	Homes4D&G system. While this has commenced, we will wait until further elements of testing are complete before marking the milestone as complete.
				03. Present findings to Wheatley Board	31-Aug-2022	Yes	
				04. Present findings to RSL Boards	30-Sep-2022	Yes	
				05. Undertake testing of the new system in D&G	31-Mar-2023	No	

J. Other - Enabling our Ambitions

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

Appendix 3 – Q3 2022/23 ARC and SPSO measures

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

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

Charter (ARC) Measures

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

Charter - average time for a full response to complaints (working days)				
Subsidiary	2021/22		2022/23 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target	
	Stage 1	Stage 2	Stage 1	Stage 2
WHG	3.98	20.78	3.97	18.40

1.4 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined. WHG are above target for period 9 but year to date they are achieving target.

Charter - average time for a full response to complaints (working days)		
Subsidiary	2021/22 Target - 8 days	2022/23 Target – 6 days
WHG	6.05	5.62

*Not targeted for this measure

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

SPSO Measures

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

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

1.8 Stages of complaints are defined as:

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

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

Indicator 1 - total number of complaints received.

SPSO Indicator 1 - total number of complaints received		
Subsidiary	Stage 1 (this includes escalated complaints as they were first received at Stage 1)	Stage 2 (directly received as Stage 2, i.e. not escalated from Stage 1)
WHG	2626	19

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

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days			
Subsidiary	Stage 1 - responded to within 5 working days	Stage 2 - responded to within 20 working days	Escalated complaints - responded to within 20 working days
	YTD	YTD	YTD
WHG	90.58%	100.00%	96.01%

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

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

	YTD	YTD	YTD
WHG	4.01	18.24	18.39

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

SPSO Indicator 4 - the outcome of complaints as a % of overall complaints				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
	YTD	YTD	YTD	YTD
WHG	45.81%	10.10%	32.00%	11.41%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
WHG	52.38%	14.29%	28.57%	4.76%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
WHG	45.18%	13.62%	39.53%	1.33%

Wheatley Homes Glasgow

Report

To: Wheatley Homes Glasgow Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 10 February 2023

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1. Purpose

1.1 The purpose of this paper is:
- to provide the Board with an overview of the financial results for the period to 31 December 2022;
- seek approval of the proposed amendment to our two finance contracts with the European Investment Bank (EIB) to change [redacted]; [redacted]; and
- provide an update on the review of the new build appraisal target return rate.

2. Authorising and strategic context

2.1 Under the terms of the Intra-Group Agreement between Wheatley Homes Glasgow and the Wheatley Group and this Board's Terms of Reference, the WH Glasgow Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

2.2 Under the Group Standing Orders and the Terms of Reference contained therein, the Board is required to approve borrowing levels and any associated loan agreements, covenant returns and granting of security.

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

2.4 [redacted]

3. Background

3.1 ***Financial performance to 31 December 2022***

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

	Year to Date (Period 9)		
£000	**Actual**	**Budget**	**Variance**
Turnover	171,511	165,800	5,711
Operating expenditure	150,793	149,175	(1,618)
Operating surplus	**20,718**	**16,625**	**4,093**
Operating margin	*12.1%*	*10.0%*	
Net interest payable	(30,433)	(32,740)	2,307
Deficit	**(9,715)**	**(16,115)**	**6,400**
Net Capital Expenditure	**48,161**	**51,212**	**3,051**

4. Discussion

Period to 31 December 2022

4.1 We have reported a statutory deficit of £9,715k for the period to 31 December 2022, which is £6,400k favourable to budget. The main driver of the favourable variance is additional grant income resulting from completion of 53 units which were delayed from 2021/22 financial year and lower interest payable offset by an increase in repairs and maintenance spend.

4.2 After adjusting the net operating surplus for new build grant income, depreciation and including capital expenditure in our properties, the underlying deficit of £815k is £507k unfavourable to budget.

Key points to note:

- Net rental income of £151,689k is £794k higher than budget at 31 December 2022, due to better than budget void performance with a year to date void rate of 0.99% compared to the budgeted rate of 1.5%.

- Grant income of £10,589k mainly relates to grant recognised on completion of 103 new build units at Damshot, Hurlford, Sighthill and Watson, noting that Damshot and Hurlford were both delayed from last year. Other income includes Scottish Housing Net Zero Heat funding for energy efficiency projects of £1.1m the costs of which are reported within the investment programme.

- Operating expenditure is £1,618k unfavourable to budget with lower running costs and bad debts partially offsetting higher spend and revenue repairs and maintenance.
  - Total staff costs are £259k higher than budget as result of additional public holiday pay costs with the two extra days this year.
  - Repairs and maintenance are £3,328k higher than budget. Spend across responsive repairs is £5,902k higher than budget, with cyclical and compliance spend £2,574k lower than budget. The higher levels of spend on responsive repairs is linked higher demand for repairs with a 28% increase in job numbers compared to the same period in 2021/22 with an increasing number of new jobs coming through the Customer First Centre.

- Interest payable of £30,433k is £2,307k favourable to budget driven by lower loan balances drawn and lower variable rates to date than assumed in the budget.

- Net capital expenditure is £48,868k for the period, £2,344k lower than budget. Investment programme spend is £3,347k higher than budget due to customer demand for adaptations and capitalised repairs and an increase in the cost of void repairs. This is offset by lower net new build and other capital expenditure. The reduction in new build spend is mainly linked to the timing of works at Calton Village Phase A and Shawbridge Arcade.

Q3 Forecast out-turn

4.3 The forecast reports a statutory deficit of £23,379k for the full year out-turn to March 2023, which is £4,786k favourable to budget. The Q3 forecast has been prepared on a prudent basis and is reported after including provision for additional support to customers facing financial hardship through the launch of the Here for You Fund and a provision for the continuation of the high levels of repairs demand experienced in the year to date.

Key variances to budget include:

- Total income is forecast to be £7,995k favourable to budget, as a result of favourable void lost rent performance, grant income received for the 2021/22 delayed completions at Damshot and Hurlford and unbudgeted grant income from the Scottish Housing Net Zero Heat Fund with the related costs shown in capital spend.

- Total expenditure is forecast to be £4,554k unfavourable to budget:

  - ERVR costs are £2,205k lower than budget reflecting the reprofiling of staff savings over 2022/23 and 2023/24.
  - Direct running costs are forecast to be £2,963k higher than budget, reflecting WH Glasgow's contribution to the Here For You fund. There is a saving of £630k forecast in Wheatley Homes Glasgow's share of Wheatley Solutions running costs
  - Increased customer demand for repairs is expected remain for the remainder of the year and on this basis costs have been forecast £5,630k higher than budget.
  - Bad debt costs have been forecast £1,400k lower reflecting performance in the year to date and 2021/22.

- Net capital expenditure is forecast to be £3,594k lower than budget. Investment programme is forecast to be £4,035k higher than budget, with an increase in costs for adaptations, voids and capitalised repairs, in addition to an additional £1,128k spend on net zero projects (noting that this is offset by additional other income).

- The Q3 forecast presented to the Board has been prepared on a prudent basis and includes additional provision for support to customers facing financial hardship through the new Here For You Fund and additional provision for the higher level of repairs demand continuing for the rest of the year.

- The forecast variations to budget are managed within the overall parameters of the RSL Borrower Group budget for 2022/23 of which WH Glasgow is part. The RSL borrower group continues to remain within the overall 2022/23 budgetary provision. The 2023/24 financial projections take account of the 2022/23 outturn and demonstrate that while repairs costs are higher, the ongoing business plan remains strong and viable.

[redacted]

4.4 [redacted].

4.5 [redacted].

4.6 [redacted].

4.7 [redacted].

[redacted]

4.8 [redacted].

4.9 [redacted].

4.10 [redacted].

4.11 [redacted].

4.12 [redacted]:

4.13 [redacted].

4.14 [redacted]:

4.15 [redacted].

Review of New Build Appraisal Target Return Rate

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

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

4.17 [redacted].

4.18 [redacted]. In line with policy, the IRR levels will be subject to review on a minimum frequency of every three years.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 The statutory deficit for the period to 31 December 2022 is £5,692k favourable to budget. Our cost efficiency targets are built into the budget and delivery of these is a key element of continuing to demonstrate value for money. The underlying results for the period to 31 December 2022 were £507k unfavourable to budget as a result of higher spend on repairs and investment. Repairs spend is expected to continue to be higher than budget for the remaining months of the year.

8.2 Within the context of the RSL borrower group, financial performance is being managed within the overall budget parameters and covenants and golden rule headroom continue to be met.

9. Legal, regulatory and charitable implications

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

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

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

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

10. Risk Appetite and assessment

10.1 The Board's agreed risk appetite for 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". Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

10.2 Raising funding to support our ambitions is a Strategic Outcome under the Theme of Enabling our Ambitions.

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

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 31 December 2022 and the Q3 full year 2022/23 forecast. Details are included of benchmark rate amendments to our EIB funding and a new loan to be delivered through WFL1 from Allia for the RSLs. An update on the review of our target internal rate of return (IRR) to be used for appraising new build projects is also provided.

13. Recommendations

13.1 The Board is asked to:

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

LIST OF APPENDICES:

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

Appendix 4: [redacted]
Appendix 5: [redacted]
Appendix 6: [redacted]
Appendix 7: [redacted]

Period to 31 December 2022
Finance Report

Period 9 – 2022/23 Finance Board Report

Wheatley Homes Glasgow

SUMMARY FINANCIAL PERFORMANCE

1a. Operating statement P9 YTD 2022/23

	Period To December 2022			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Rental Income	153,208	153,228	(20)	203,455
Void Losses	(1,519)	(2,333)	814	(3,097)
Net Rental Income	151,689	150,895	794	200,358
Grant Income	10,589	7,029	3,560	7,269
Other Income	9,233	7,877	1,356	10,653
Total Income	**171,511**	**165,800**	**5,711**	**218,279**
EXPENDITURE				
Employee Costs - Direct	26,942	26,664	(277)	35,196
Employee Costs - Group Services	11,598	11,616	18	15,397
ER / VR	508	508	0	4,408
Direct Running Costs	10,394	10,497	103	14,183
Running Costs - Group Services	6,735	7,288	553	9,745
Revenue Repairs and Maintenance	35,417	32,089	(3,328)	40,294
Bad debts	2,024	3,100	1,075	4,114
Depreciation	56,501	56,501	0	75,334
Demolition	674	913	239	1,517
TOTAL EXPENDITURE	**150,793**	**149,175**	**(1,618)**	**200,188**
NET OPERATING SURPLUS / (DEFICIT)	**20,718**	**16,625**	**4,093**	**18,091**
Net operating margin	*12.1%*	*10.0%*	*2.1%*	
Interest payable & similar charges	(30,433)	(32,740)	2,307	(46,257)
STATUTORY SURPLUS / (DEFICIT)	**(9,715)**	**(16,115)**	**6,400**	**(28,165)**

INVESTMENT	Period To December 2022			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
Total Capital Investment Income	**7,175**	**7,323**	**(148)**	**10,711**
Investment Programme Expenditure	37,012	33,665	(3,347)	44,287
New Build Programme	13,649	17,381	3,732	25,748
Other Capital Expenditure	4,676	7,490	2,813	10,093
TOTAL CAPITAL EXPENDITURE	**55,336**	**58,535**	**3,199**	**80,128**
NET CAPITAL EXPENDITURE	**48,161**	**51,212**	**3,051**	**69,417**

Key highlights year to date:

Net operating surplus of £20,718k is £4,093k favourable to budget. Statutory deficit for the period to 31 December is £9,715k, which is £6,400k favourable to budget. The main drivers of the variance are the favourable position on void rent losses, higher grant income from new build completions and lower interest payable; offset by an increase in repairs and maintenance spend.

- Net rental income of £151,689k is £794k favourable to budget. Gross rental income is broadly in line with budget.. Void losses are £814k lower than budget and represent a 0.99% void loss rate void loss rate compared to the budgeted rate of 1.5%.
- Grant income recognised mainly relates to 103 units completed by December: 26 SR units at Damshot, 27 MMR units at Hurlford (both delayed from last year), 46 MMR units at Watson and 4 MMR units at Sighthill. The YTD budget includes grant for 56 MMR units at Sighthill and completion is delayed until later this financial year and April 2023 noting that this unfavourable variance is offset by the grant released for Damshot and Hurlford.
- Other income is £1,356k favourable to budget due Social Housing Net Zero (SHNZ) grant of £1,128k and higher miscellaneous income, relating to £214k L&A damages for Sighthill new build.
- Total employee costs (direct and group services) are £259k unfavourable to budget. The overspend to budget in direct employee costs relates to additional overtime and public holiday costs with the extra public holidays this year. The group services recharge is £18k favourable to budget at December and reflects WH-Glasgow's share of changes in Wheatley Solutions staff from the budgeted structure.
- Total running costs (direct and group services) are £656k favourable to budget. Group recharges are £553k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions, leading to the underspend against budget.
- Revenue repairs and maintenance spend is £3,328k unfavourable to budget. The variance relates to a continuation of the higher levels of customer demand for repairs work since the summer which has increased 28% on compared to 2021/22 with increasing number of new jobs coming through the Customer First Centre.
- Gross interest payable of £30,433k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £2,307k lower than budget linked to lower loan balances drawn and lower variable rates than assumed in the budget.

Net capital expenditure of £48,161k is £3,051k lower than budget. The variance is driven by lower other capital expenditure and new build, partially offset by higher investment spent.

- Investment programme spend is £3,347k unfavourable to budget, with higher spend in adaptations and capitalised voids and repairs. YTD spend also includes £1,128k of unbudgeted spend on SHNZ projects, which are wholly grant funded.
- New build spend is £3,732k lower than budget following delays on Calton Village and Shawbridge Arcade.
- Capital investment income (grants) is £148k lower than budget. Whilst new build grant claims are lower due to the delayed Shawbridge Arcade project, this is offset by £1,128k Net Zero Grant related to the investment programme.
- Other capital expenditure of £4,676k is £2,813k lower than budget. Other capital spend includes work on local touchdown hubs and IT capital.

1b. Underlying surplus – P9 December 2022

- The Operating Statement (Income and Expenditure Account) on page 3 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).
- However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.
- The chart below therefore shows a measure of underlying surplus which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties.
- At December, an underlying deficit of £815k has been generated using this measure which is £507k unfavourable to budget. The variance is driven by higher customer demand for adaptations, capitalised repairs and voids, in the investment programme, partially offset by lower levels of interest payable.

GHA Underlying Surplus - December 2022				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	20,718	16,625	4,093	18,091
add back:				
Depreciation	56,501	56,501	0	75,334
less:				
Grant income	(10,589)	(7,029)	(3,560)	(7,269)
Net interest payable	(30,433)	(32,740)	2,307	(46,257)
Total expenditure on Investment Programme	(37,012)	(33,665)	(3,347)	(44,287)
Underlying surplus/(deficit)	**(815)**	**(307)**	**(507)**	**(4,386)**

2a. Repairs & Investment Programme

Repairs	YTD P9 Actual £ks	Budget £ks	Variance £ks	FY budget £ks
Responsive Repairs	16,293	10,391	(5,902)	14,048
Responsive Rpairs - Backlog	1,800	1,800	0	1,800
CBG Credits - Backlog	(1,800)	(1,800)	0	(1,800)
Cyclical (local)	339	1,388	1,049	1,850
Overhead	3,369	3,369	0	4,492
JV Share of profits	0	0	0	(3,265)
Compliance Revenue	15,415	16,941	1,525	23,169
Total Repairs	**35,417**	**32,089**	**(3,328)**	**40,294**

Inv Prog Grant Income	YTD P9 Actual £ks	Budget £ks	Variance £ks	FY budget £ks
Medical adaptations	87	0	87	0
SHNZ	1,128	0	1,128	0
Total	**1,215**	**0**	**1,215**	**0**
Inv Prog Expenditure	**£ks**	**£ks**	**£ks**	**£ks**
Core programme (excl SHNZ)	15,021	15,786	765	20,491
SHNZ	1,128	0	(1,128)	0
Capitalised Voids	7,556	6,240	(1,316)	8,243
Adaptations	2,134	1,153	(981)	1,537
Capitalised staff	2,693	2,863	170	3,800
City Building ovh allocated	4,763	4,763	0	6,351
Capitalised Repairs	3,717	2,859	(858)	3,864
Total	**37,012**	**33,665**	**(3,347)**	**44,287**

Repairs & maintenance:

- Repairs and maintenance costs are £3,328k unfavourable to budget at the end of P9.
- Responsive repairs are £5,902k higher than budget, with this mainly relating to programmed repairs and an on-going increase in customer demand, with a 28% increase in completed jobs compared to 2021/22.
- Cyclical repairs is £1,049k favourable to budget at the end of December, mainly due to £1.4m of projects being deferred this year to help offset the increase spend in responsive repairs.
- Overall compliance expenditure is £1,525k favourable to budget driven by lower communal utilities costs and the timing of the programme vs budget.

Investment programme:

- Overall investment programme spend in the period to December is £37,012k against a budget of £33,665k, an unfavourable variance of £3,347k. The variance mainly relates to higher demand for adaptations and capitalised voids and repairs, which are customer led, plus Scottish Housing Net Zero (SHNZ) projects, noting that this is fully grant funded.
- Core programme expenditure of £15,021k is £765k favourable to budget. Key projects in the year include central heating, compliance, kitchens/bathroom/rewires and M&E.
- Following a successful bid (after the 2022/23 budget was set) to the Scottish Government's SHNZ grant funding, spend of £1,128k on SHNZ projects is reported, with the same value of grant claimed to date.
- Void costs, which include the cost of the Nets void squad, are capitalised in line with Group policy.
- The YTD average spend per job increased by 17% for capitalised void and 20% for capitalised repairs in comparison to the same period last year. The number of void repairs has decreased slightly compared to the same period last year.
- Adaptations spend of £2,134k has been reported at the end of December, against a budget of £1,153k, with grant income of £87k received in relation to ex Cube stock.

2b. New Build Programme Spend

Wheatley Homes Glasgow

	*Status	Contractor	YTD P9			Full Year
			Actual	Budget	Variance	FY Budget
BELLROCK/CRANHILL	Complete	ENGIE	0	100	100	100
CARNWADRIC	Complete	CCG	28	0	(28)	59
DAMSHOT	Complete	CCG	132	0	(132)	70
KENNISHEADNB	Complete	ENGIE	3	95	92	95
SHANDWICK ST	Feasibility	CCG	167	0	(167)	0
Wynford NB	TBC	TBC	384	0	(384)	500
Total Social rent			**714**	**195**	**(519)**	**824**
BAILLIESTON	Complete	MACTAGGART	6	77	71	77
CALTON B	TBC	TBC	40	0	(40)	0
CALTON C	TBC	TBC	49	0	(49)	0
CALTONVILLAGE A	On site	MACTAGGART	5,991	8,701	2,710	11,541
DOVEHILL	Complete	CCG	4	0	(4)	73
HURLFORD AVENUE	Complete	CCG	531	0	(531)	149
SIGHTHILL	On Site	KEEPMOAT	1,048	524	(524)	524
SHAWBRIDGE ST	On Site	MACTAGGART	1,839	1,840	1	2,879
SHAWBRIDGE ARCADE	Feasibility	CCG	104	2,481	2,378	4,600
WATSON	Complete	CCG	428	598	170	598
Prior year	-	-	98	0	(98)	0
FEASIBILITY	TBC	-	341	0	(341)	0
Total Mid Market rent			**10,479**	**14,222**	**3,743**	**20,441**
Development fund	-	-	0	338	338	450
Acquisitions	-	-	69	225	156	300
Capitalised Interest	-	-	0	0	0	546
Capitalised staff	-	-	2,370	2,401	32	3,187
Total New Build Investment			**13,631**	**17,381**	**3,750**	**25,748**
Grant Income			**6,047**	**7,323**	**(1,276)**	**10,711**
Net new Build cost			**7,584**	**10,058**	**2,473**	**15,037**
Grant Income completions (recognised in OPS)			**10,502**	**7,029**	**3,474**	**7,029**

Investment spend on new properties of £13.6m has been incurred by end of December. This is £3.75m lower than budget.

Social Rent:

- Damshot (SR/26): The project completed on programme and budget in April 2022.
- Shandwick St (SR/47): Front funded, vole trapping and soil strip works complete. Site Investigations ongoing. Heads of Terms agreed for acquisition of additional land from GCC.

Mid Market Rent:

- Calton Village Phase A (MMR/123): Approved and on site on 29 March 2021, enabling works complete. Value Engineering complete and additional grant to be requested at completion of Phase A. Phase A works now underway. Grant award now confirmed at £5.6m. (£4m claimed to date).
- Calton Village Phase B (98 units) A revised strategy has been agreed with GCC and the next phase has been re-planned, accelerating Phase C and removing part of Phase B which requires re-design. Tender has been returned and awaiting evaluation by employers agent, Phase C (40 units) which now forms part of this phase will be for social rent.
- Hurlford – The project completed on 12 May 2022 with some minor works outstanding. All grant has been claimed and the project has been delivered on budget.
- Sighthill (MMR/198): 30 units handed over in 2021/22 with a further 4 handovers in Dec 2022. Remaining handovers now due between Mar – May 23 (52units). Contract being closely monitored. Phase B will now start later than programmed. Remedial works to blocks 1 and 2 underway. City Building on site to carry out remedial works to blocks 11 & 12.
- Shawbridge Street (MMR/35): project started on site on 25 July 2022 and continues to progress well. Grant is being drawn down as valuations are submitted (£1.339m claimed to date in this FY)
- Shawbridge Arcade (MMR/71): Acquisition and demolition enabling works approved in January 2022, both fully grant funded. City Property achieved vacant possession. Disconnection and demolition works underway and acquisition to be progressed in Q4 subject to updated approval. Planning now submitted.
- Feasibility: Spend relates to Cook Street and London Road/ Springfield Road with site investigation works underway.

3. Balance Sheet

	31 December 2022 £ks	31 March 2022 £ks
Fixed Assets		
Social Housing Properties	1,510,712	1,517,418
Other tangible fixed assets	59,565	54,235
Investment properties	61,171	61,171
Investments - other	12,073	12,073
Fixed Assets	**1,643,520**	**1,644,897**
Debtors Due More Than One Year		
Inter Company Loan	18,163	18,163
Pension Asset	58,165	58,166
Current Assets		
Trade debtors	1,441	1,230
Rent & Service charge arrears	11,684	18,769
less: Provision for rent arrears	(7,657)	(6,771)
Prepayments and accrued income	49	2,328
Intercompany debtors	11,523	5,750
Other debtors	8,522	8,130
	25,562	**29,436**
Bank & Cash	4,293	0
Current Assets	**29,855**	**29,436**
Current Liabilities		
Bank overdraft	0	(2,286)
Trade liabilities	(1,157)	(1,589)
Accruals	(25,937)	(36,016)
Deferred income	(17,244)	(21,612)
Rents & service charges in advance	(11,054)	(10,591)
Intercompany creditors	(28,328)	(30,361)
Other creditors	(12,565)	(11,073)
	(96,285)	**(113,528)**
Net Current Assets	**(66,430)**	**(84,092)**
Long Term Liabilities		
Contingent efficiencies grant	(46,764)	(46,764)
Bank finance	(961,788)	(935,788)
Provisions	(2,149)	(2,149)
Deferred income	(7,696)	(7,696)
Long Term Liabilities	**(1,018,397)**	**(992,397)**
Net Assets	**635,022**	**644,737**
Capital & Reserves		
Retained Income b/fwd	279,874	279,874
Income & Expenditure	(9,715)	0
Revaluation Reserves	364,863	364,863
Funding Employed	**635,022**	**644,737**

Wheatley Homes Glasgow

Key Commentary:

The balance sheet reported reflects the 31 March 2022 year end audited statutory accounts position. This includes the revaluation of both housing and investment properties, actuarial valuation of the defined benefit pension scheme and the fair value of the Scottish Government loan.

- **Fixed assets:** movements from the year end reflects investment in existing properties, the new build programme, and any other fixed asset additions, less depreciation to date.
- **Current Assets (excluding cash)** are £3.9m lower than the year end position, due to the timing of housing benefit receipts.
- **Debtors due after more than one year:** The intercompany loan debtor relates to the convertible debt with Lowther Homes Limited and is revalued on an annual basis as part of the statutory accounts.
- **Short-Term Creditors:** Amounts due within one year are £17.2m lower than the year end position mainly due to reduction in accruals and release of deferred grant income.
- **Long term bank finance loans** net of amortised fees are £961.8m and relate to funding drawn down from WFL1.

4. Q3 Forecast

	Full Year 2022/23		
	Forecast £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	203,455	203,455	0
Void Losses	(2,037)	(3,097)	1,060
Net Rental Income	201,418	200,358	1,060
Grant Income	12,329	7,269	5,060
Other Income	12,528	10,653	1,875
Total Income	**226,275**	**218,279**	**7,995**
EXPENDITURE			
Employee Costs - Direct	35,196	35,196	0
Employee Costs - Group Services	15,593	15,397	(196)
ER / VR	2,203	4,408	2,205
Direct Running Costs	17,146	14,183	(2,963)
Running Costs - Group Services	9,115	9,745	630
Revenue Repairs and Maintenance	45,924	40,294	(5,630)
Bad debts	2,714	4,114	1,400
Depreciation	75,334	75,334	0
Demolition	1,517	1,517	0
TOTAL EXPENDITURE	**204,742**	**200,187**	**(4,554)**
OPERATING SURPLUS / (DEFICIT)	**21,533**	**18,091**	**3,442**
Interest Payable	(44,912)	(46,257)	1,345
STATUTORY SURPLUS / (DEFICIT)	**(23,379)**	**(28,165)**	**4,786**
INVESTMENT			
Total Capital Investment Income	**10,558**	**10,711**	**(153)**
Investment Programme	48,322	44,287	(4,035)
New Build	19,565	25,748	6,183
Other Capital Expenditure	8,494	10,093	1,599
TOTAL CAPITAL EXPENDITURE	**76,381**	**80,128**	**3,747**
NET CAPITAL EXPENDITURE	**65,823**	**69,417**	**3,594**

Wheatley Homes Glasgow

Key Commentary:

The forecast operating surplus of £21,533k is £3,442k favourable to budget. After taking account of financing costs, the statutory deficit of £23,379k is £4,786k favourable to budget.

- Void losses are forecast to be £1,060k lower than budget with the forecast reflecting a continuation of the favourable performance YTD.
- Grant income is forecast at £5,060k higher than budget resulting from the delay in completion last year of 53 new build properties at Hurlford and Damshot with the completion dates moving into 2022/23.
- Other income is £1,875k higher than budget mainly due to Scottish Housing Net Zero (SHNZ) matched grant funding of £2.3m being expected. The income offsets part of the increased spend forecast in for the investment programme. The SHNZ funding is partially offset by lower district heating income due to the cessation of customer charges.
- ERVR costs are £2,205k lower than budget reflecting the reprofiling of staff savings over 2022/23 and 2023/24.
- Direct running costs are expected to be £2,963k unfavourable to budget after making an additional £2,450k provision for the Here for You fund. Running cost savings of £630k in group recharges are forecast, linked to several departments forecasting lower spend in Wheatley Solutions.
- Revenue repairs and maintenance costs in 2022/23 forecast a £5,630k increase linked the higher levels of customer demand experienced YTD.
- Bad debts are £1,400k lower than budget with the forecast reflecting a continuation of the favourable performance at December.

- Interest is forecast to be £1,345k lower than budget due to lower costs in the YTD providing capacity to absorb any increases in the variable rate in the last three months of the year.

Net capital expenditure is forecast at £65,823k and is £3,594k lower than budget.

- Investment programme is forecast to be £4,035k higher than budget, with an increase in costs for adaptations, voids and capitalised repairs, in addition to spend on net zero projects (noting that this is offset by additional other income).
- New build investment expenditure is forecast to be £6,183k lower than budget. This is largely due to the site start for the Shawbridge Arcade development moving into 2023/24 and slower progress at Calton Village Phase A.
- Capital investment income is forecast £153k lower than budget with the SHNZ funding of £2.3m being offset by lower new build grant as result of Shawbridge Arcade and Calton delays.
- Other capital expenditure is forecast at £1,599k lower than budget; linked to savings on office capital work and reduced spend on IT projects.

Wheatley Homes Glasgow

Wheatley Homes Glasgow

Report

To: **Wheatley Homes Glasgow Board**

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

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

Subject: **Governance update**

Date of Meeting: **10 February 2023**

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1. Purpose

1.1 This report provides an update to the Board on the following governance related matters:

- Tenant Board Member Pathway Programme
- Meeting calendar for the year (including a change to the May Board date and strategy workshop)
- Rolling Board agenda planner for 2023

2. Authorising and strategic context

2.1 The Board is responsible for overseeing recruitment and succession planning to ensure that it has the relevant blend of skills and experience, in line with its agreed skills matrix.

3. Background

3.1 The Board receives annual governance reporting as well as updates to each meeting, as required. This report addresses our forward planning for the year (both meeting dates and proposed business). It also sets out our approach to succession planning for tenant board members.

4. Discussion

Board recruitment

4.1 Through our succession planning we identified a need to recruit a tenant board member to replace Bernadette Hewitt when her tenure expires in September 2023. In addition, we know we will have a further tenant Board member vacancy arising in 2024. To help us grow a pool of candidates we have developed a tenant board member pathway programme.

4.2 The programme is focused on developing a sustainable pool of future Board members. As part of this we will have a structured approach to:

- Developing appropriate experience through prior membership of the Group Scrutiny panel;
- Access to an individual coaching and mentoring; and
- Knowledge building

4.3 We have written to those tenants whom we know to be interested in engaging with us through our Customer Voices programme to advise them about the programme. We intend to hold an event with any interested customer voices to discuss the programme in more detail.

4.4 We will however require to set a limit to how many individuals can join the programme at any time and a formal process for selecting said individuals. It is proposed that we set the limit at seven and that the process for selecting them is as follows:

- Prospective participants are asked to submit an Expression of Interest form setting out why they are interested in the role;
- Expression of Interests are reviewed by the Chair and one other tenant Board member and they agree whom they wish to invite to an interview;
- The Chair and one other tenant Board member ("the Panel") interview prospective candidates and agree who is entered into the programme.

4.5 Whilst the limit will be seven, this will be an upper limit not a target and only candidates that we consider to have the potential to be future Board members will enter the programme. The interviews will be based on set questions and criteria to be agreed by the Panel to ensure consistency.

Board meeting dates

4.6 The Board dates were circulated to members at the end of last year. Since then there has been one change, which is to the May Board date. In addition it is proposed that we bring forward our strategy workshop and hold this alongside the March Board meeting.

4.7 The strategy workshop will focus on the following key areas:

- Progress to date with our vision for Glasgow
- Our external operating context
- Building a better Glasgow – our strategy for investing in our communities
- Strategic partnerships – Glasgow City Council Strategic Agreement
- Evolving our repairs service
- Refreshing our strategy – key updates and adjustments

4.8 For ease of reference, the calendar for the year is therefore:

10 February 2023	(this meeting)
22 February	(Group-wide governance event)
24 March 2023	(1030 – 15.00 – Strategy workshop and Board meeting)
19 May	(1030-1230 followed by stock tour)
11 August	(1030 – 1230)
15 September	(1030 – 1230)
17 November	(1030 – 1230)

Annual Board Agenda Planner

4.9 Having an annual Board agenda planner enables the Board to have an understanding of and to directly influence Board activity for the year ahead. The annual planner will remain fluid but will be maintained on AdminControl for the Board's visibility. It will be updated in track changes for each meeting and it is proposed that uploaded below AOCB. The annual board agenda planner is attached at Appendix 2.

5. Customer engagement

5.1 We want tenants to be at the heart of everything we do. Our approach to tenant board membership is consistent with our approach to customer engagement. We continue recognise the benefit of sharing tenant board vacancies on our website; however our customer voices programme has provided us with an excellent opportunity to focus our recruitment on those customers who have expressed an interest to be involved in shaping our activities.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

9.1 Standard 6 of the SHR Standards of Governance and Financial Management requires the governing body of all RSLs to 'have the skills and knowledge they need to be effective'.

10. Risk appetite and assessment

10.1 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". This reflects our risk appetite in relation to laws and regulation, which is "averse", with the avoidance of risk and uncertainty being a key organisational objective and a priority for tight management controls and oversight.

10.2 Our strategic risk register contains the risk that, "*The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures*."

10.3 We mitigate this risk by having clearly defined roles and responsibilities across our governance framework, regularly reviewing our framework and submitting our governance arrangements to external review.

11. Equalities implications

11.1 We have emphasised our commitment to equality and diversity through our tenant board member pathway programme. This includes our commitment to making reasonable adjustments to support candidates who may have additional requirements.

12. Key issues and conclusions

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

13. Recommendations

13.1 The Board is asked to:

1) Note the approach to tenant board members recruitment and approve the approach to selecting members for the board development programme;
2) Approve the updated meeting calendar; and
3) Provide feedback on the Board agenda planner.

LIST OF APPENDICES

Appendix 1 - Annual Board Agenda Planner

Appendix 1: Annual Board Agenda Planner 2023

Meeting date	Items
10 February 2023	1. Rent and service charges 23/24 2. 23/24 Financial Projections 3. Livingwell update 4. 5-year Development Programme and new build performance 5. 5-year Investment Plan 6. Customer Insights Update (pulse survey results and update on management of neighbourhood) 7. Performance Report 8. Finance Report 9. Governance update 10. Group Sustainability Framework 11. Corporate risk register
24 March 2023	1. Assurance Update 2. Finance and 23/34 budget 3. Gender Pay Gap presentation 4. Damp and Mould policy and procedure 5. Home Safe Building Compliance Update 6. Repairs update 7. Cyber security update 8. Governance update 9. Procurement policy
19 May 2023	1. 22/23 ARC return and year end performance 2. Delivery plan 23/24-*KPIs and targets* 3. Finance report-*loan portfolio submission, summary sheet, financial data and projections* 4. Corporate risk register 5. Fire prevention and mitigation 6. Acquisitions and disposals update 7.Complaint handling and performance 8. Group Social Media Policy

Meeting date	Items
11 August 2023	1. Governance Update- AGM, Modern Slavery, Board Appraisals, succession plans 2. Financial Statements-letter of rep, letter of comfort 3. Complaint handling and performance 4. Annual Internal Audit Report and opinion 5. Performance Report 6. Finance Report 7. Corporate risk register
15 September 2023	1. Development mid-year update 2. Finance Report 3. Health and safety update
17 November 2023	1. 2024 rent setting 2. Governance update-*Assurance statement* 3. Q2 Performance 4. Finance report 5. Corporate Risk register 6. Assurance update 7. High Rise Living Framework 8. Complaints half year update
Unallocated	Updated Wheatley Homes Glasgow strategy Tenant Satisfaction Survey - planned approach Tenant Satisfaction Survey – results Further repairs updates Wyndford updates Foundation update

Report

To: Wheatley Homes Glasgow Board

By: Frank McCafferty, Group Director of Repairs & Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Sustainability Framework

Date of Meeting: 9 February 2023

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1. Purpose

1.1 To ask the Board to note the final Group Sustainability Framework.

2. Authorising and strategic context

2.1. Decisions on group strategy are for Wheatley Group Board under our Standing Orders.

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

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

3. Background

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

4. Discussion

4.1. The Sustainability Framework provided at Appendix 1 is a first for our Group. It is intended to provide a focus on sustainability, group wide with particular emphasis on our main sources of emissions - our existing homes and their heating systems, our new build properties and our business operations.

4.2. The first two of these are particularly applicable to Wheatley Homes Glasgow including in meeting stated Government policy requirements for:

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

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

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

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

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

5. Customer Engagement

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

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

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

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

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

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

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

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

11. Equalities implications

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

12. Key issues and conclusions

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

13. Recommendations

13.1 The Board is asked to note the Sustainability Framework at Appendix 1.

<u>LIST OF APPENDICES</u>

Appendix 1: Sustainability Framework [redacted] can be found here

Wheatley Homes Glasgow

Report

To: Wheatley Homes Glasgow Board

By: Hazel Young, Group Director of Housing & Property Management

Approved By: Steven Henderson, Group Chief Executive

Subject: Corporate Risk Register

Date of Meeting: 10 February 2023

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1. Purpose

1.1. This report seeks approval for proposed changes our Corporate Risk Register.

2. Authorising and strategic context

2.1. Under our Terms of Reference, we are responsible for managing and monitoring our Corporate Risk Register and Risk Appetite. The Group Board is responsible for managing and monitoring the Wheatley Group Risk Management Framework.

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

3. Background

3.1. The paper gives an overview of Wheatley Homes Glasgow's current risk position for consideration by the Board. As set out in the Group Risk Management approach, this update focuses on risks for the attention of the Board. This includes risks in the following categories:

A. Risks outwith risk appetite; and
B. Risks with a residual risk score of 12 of more or an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months.
C. Risks highlighted for consideration by the Board are also set out in Section C – Horizon Scanning. This will include new risks, risks to be removed from the Risk Register, or risks with a significant change in scoring. Section C also includes brief details of any significant changes to the external environment that may impact on the Board's risk profile.

4. Discussion

4.1. The chart below shows all risks within the Corporate Risk Register. These are colour-coded as follows:

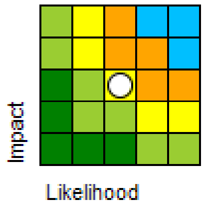
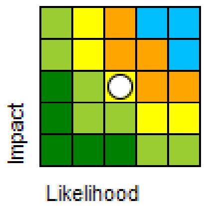
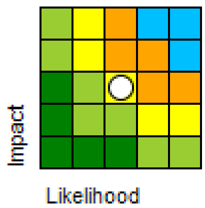
- Red font – risks highlighted for Member consideration (as set out in paragraphs 3.1 and 3.2) and discussed further below;
- Purple font – risks with a high residual risk or inherent risk score where Boards have received an update on the operation of the controls in the last 6 months;
- Black font – lower scoring risks that have remained stable within the current period.

Impact		Likelihood 1	Likelihood 2 / 3	Likelihood 4	Likelihood 5
5					
4			• Failure to recruit, develop, retain and succession plan	• Cyber Security (A) • Impact on our customers of the Cost-of-Living crisis • Reduced availability of financial support from SGov't/Local Govt	
3		• Business Continuity/ DR • Damp and Mould (C) • Rent Arrears arising from UC • Commercial Operations	• New operating model implementation • Financial Impact of rent control legislation (A) • Future waves of pandemic • Fire Safety (A) • Compliance with funders • Customer Satisfaction • Governance Structure • Securing new fundings and adverse market changes • Political and Policy changes • Contract failure • Contract Mgt • Group Credit Rating (A)	• Climate change impact on Group assets and services	• Supply chain disruption
2		• WHG Stock Profile and Demand		• Laws and Regulations	
1					

4.2. The remainder of this section provides additional commentary on those risks highlighted in red font. A full description of each of these risks, and associated controls, is set out in Appendix 2.

Section A - Risks outwith risk appetite

4.3. There are four risks with a residual risk score that is greater than the approved risk appetite. These are set out in the table below.

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

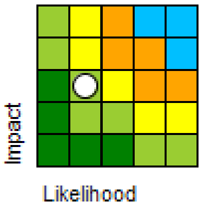
4.4. The implementation of any identified actions will be monitored by management and residual risk scores will be reviewed as part of the scheduled quarterly review of all risks.

Section B – High scoring risks with controls due for review.

4.5. There are no risks with a residual risk score that is greater than 12, and an inherent risk score of 20 or more, for which the Board has not received an update on the operation of the controls in the last 6 months.

Horizon Scanning

4.6. Following a review of the operating environment, the following risks have been highlighted for consideration by the Board. We will no longer ask the Board to approve minor changes. The table below summarises the key changes to the risks within the Corporate Risk Register:

Risk	Residual Risk Score	Risk Appetite Level	Commentary
NEW RISK: RISK 053: Damp and Mould		Minimal	This risk has been added to the Strategic Risk Register in response to the risk to tenant health caused by damp and mould. The cost-of-living crisis, and in particular the increased cost of heating, increases the risk that tenants may face such issues, as properties become colder and less ventilated. Propose to add this to WHG risk register to monitor.

4.7. The Board is asked to consider whether any matters discussed elsewhere during the Board meeting result in additional risks to be captured in the risk register.

5. Customer Engagement

5.1. No customer engagement implications arise directly from this report.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

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

9. Legal, regulatory and charitable implications

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

10. Risk Appetite and assessment

10.1. There is no single risk appetite associated with this paper. Instead, the review of risks within the Corporate Risk Register, as outlined in this paper is designed to provide assurance on the controls in place to manage risks such that the residual risk score is within risk appetite and to identify additional actions planned to reduce residual risk further, where required.

11. Equalities implications

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

12. Key issues and conclusions

12.1. Our review of the Corporate Risk Register has identified four risks that are outwith risk appetite and one new risk for Board consideration.

13. Recommendations

13.1. The Board are asked to:

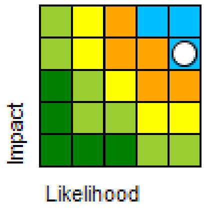
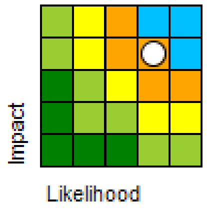
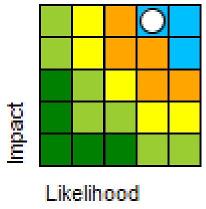
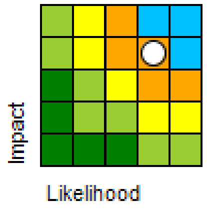
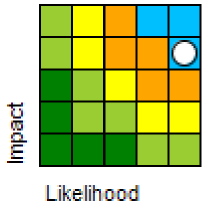
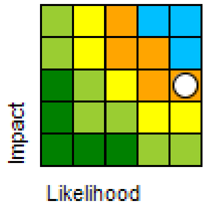
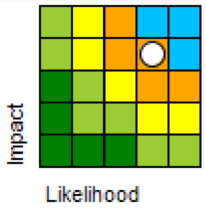
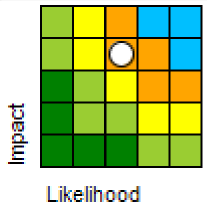
1) Approve the updates in this report; and

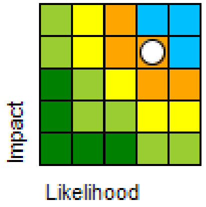
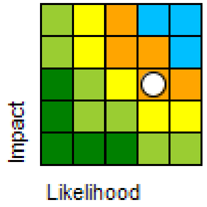
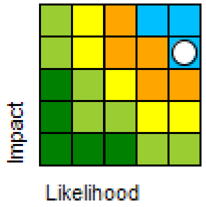
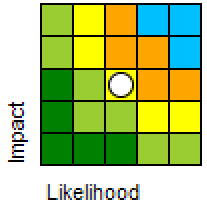
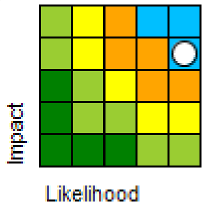
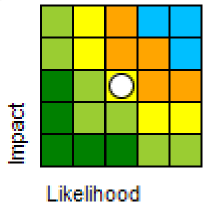
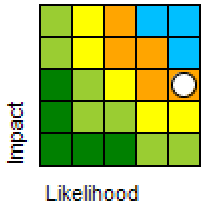
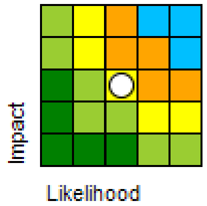
2) Identify any further changes to the Corporate Risk Register arising from discussion at the meeting.

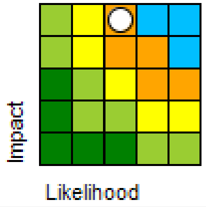
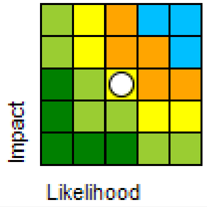
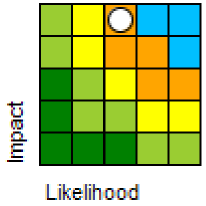
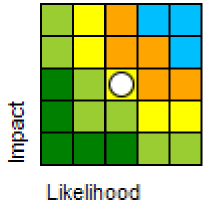
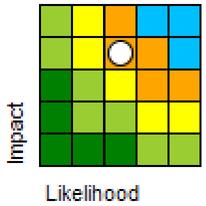
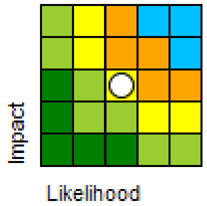
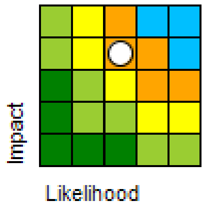
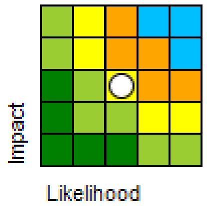
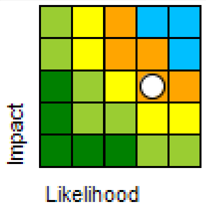
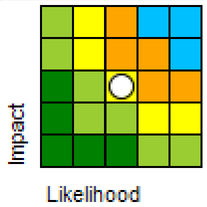
LIST OF APPENDICES:

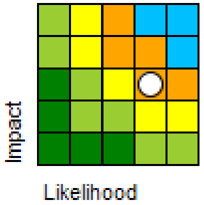
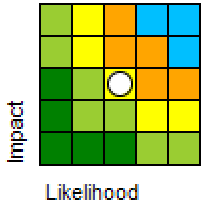
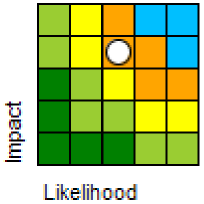
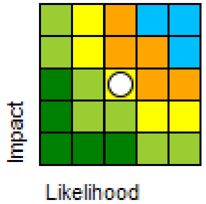
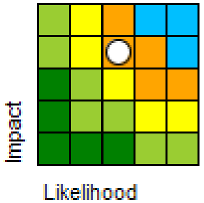
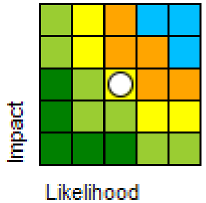
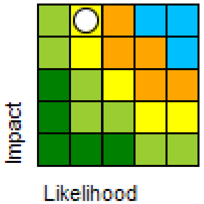
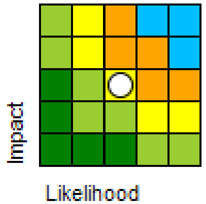
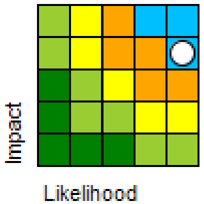
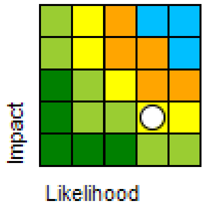
Appendix 1 – Summary status of Corporate Risk Register
Appendix 2 – Detailed Highlighted Risks

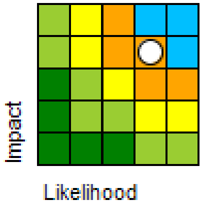
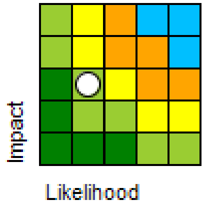
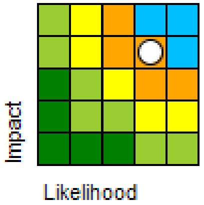
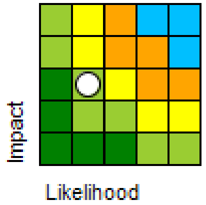
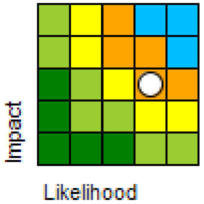
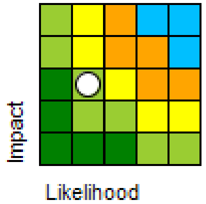
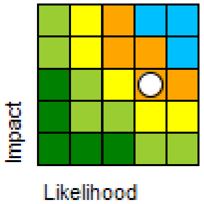
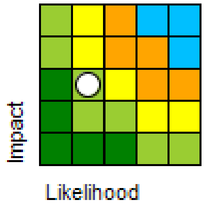
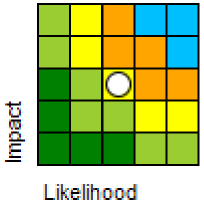
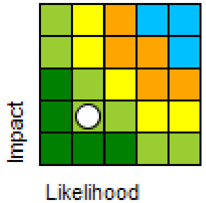
Appendix 1 – Summary status of Wheatley Homes Glasgow Risk Profile (full details available on Pentana)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
[redacted]							
RISK 001	Impact on our customers of the cost of living crisis		Risk Appetite is **HUNGRY** (Blue)		Group Director of Communities	Supporting economic resilience in our communities	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 021	Reduced availability of financial support from Scottish Government and / or local government		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 018	Supply chain disruption		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions	Increasing the supply of new homes	N/A (High inherent and residual risk scores; Boards have received an update within the last 6 months)
RISK 015	Failure to recruit, develop, retain and succession plan		Risk Appetite is **HUNGRY** (Blue)		Group Director of Finance	W.E. Work – strengthening the skills and agility of our staff	N/A (High residual risk score; Boards have received an update within the last 6 months)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 023	Climate change impact on Group assets and services		Risk Appetite is **OPEN** (Orange)		Group Director of Repairs and Assets	Setting the benchmark for sustainability and reducing carbon footprint	N/A (High residual risk score; Boards have received an update within the last 6 months)
RISK 004	New operating model implementation		Risk Appetite is **HUNGRY** (Blue)		Group CEO; Group Director of Finance	W.E. Work– strengthening the skills and agility of our staff	N/A (High inherent risk score; Boards have received an update within the last 6 months)
RISK 022	Financial impact of rent control legislation		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risk	Page 13 (Outwith Risk Appetite)
RISK 002	Ongoing threat of future waves of COVID-19 and / or another pandemic		Risk Appetite is **HUNGRY** (Blue)		Group Director of Repairs and Assets; Group CEO	W.E. Work– strengthening the skills and agility of our staff	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 003	Fire Safety		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	Page 14 (Outwith Risk Appetite)
RISK 008	Compliance with funders' requirements		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A
RISK 006	Customer Satisfaction		Risk Appetite is **OPEN** (Orange)		Group Director of Housing & Property Management	Enabling customers to lead	N/A
RISK 009	Governance Structure		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions; Group CEO	W.E. Work–strengthening the skills and agility of our staff	N/A
RISK 011	Securing new funding and adverse market changes		Risk Appetite is **OPEN** (Orange)		Group Director of Finance	Raising the funding to support our ambitions	N/A

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 014	Political and Policy changes		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions; Group CEO	Influencing locally and nationally to benefit our communities	N/A
RISK 040	Contract failure		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions	Maintaining a strong credit rating and managing financial risks	N/A
RISK 041	Contract management		Risk Appetite is **OPEN** (Orange)		Group Director of Governance & Business Solutions	W.E. Work – maintaining the skills and agility of staff	N/A
RISK 010	Group Credit Rating		Risk Appetite is **MINIMAL** (Light Green)		Group Director of Finance	Maintaining a strong credit rating and managing financial risks	Page 15 (Outwith Risk Appetite)
RISK 016	Laws and Regulations		Risk Appetite is **CAUTIOUS** (Yellow)		Group Director of Governance & Business Solutions	Progressing from Excellent to Outstanding	N/A (High inherent risk score; Boards have received an update within the last 6 months)

Code	Title	Original Score	Risk Appetite	Current Risk Score	Owner	Strategic Outcome	Ref to Appendix 2
RISK 012	Business Continuity / Disaster Recovery		Risk Appetite is <u>HUNGRY</u> (Blue)		Director of People Services	W.E Work – Strengthening the skills and agility of our staff	N/A
RISK 053	Damp and Mould		Risk appetite is <u>MINIMAL</u> (Light Green)		Group Director of Repairs and Assets	Investing in existing homes and environments	Page 16 (New Risk)
RISK 007	Rent Arrears arising from Universal Credit		Risk Appetite is <u>MINIMAL</u> (Light Green)		Group Director of Housing & Property Management	Maintaining a strong credit rating and managing financial risks	N/A
RISK 013	Commercial Operations		Risk Appetite is <u>MINIMAL</u> (Light Green)		Group Director of Housing & Property Management	Maintaining a strong credit rating and managing financial risks	N/A
RISK 176	WHG Stock Profile and Demand		Risk Appetite is <u>OPEN</u> (Orange)		Group Director of Repairs and Assets	Investing in existing homes and environments	N/A

Appendix 2 – Detailed risks highlighted for Board consideration

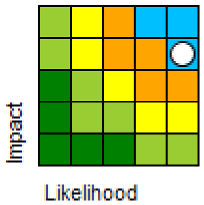
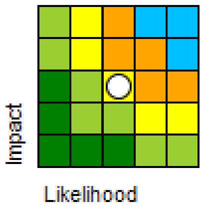
[redacted]

<table>
<tr><td>Strategic Outcome</td><td colspan="2"></td><td>Risk type</td><td></td><td>Risk owner</td><td></td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3"></td><td colspan="4"></td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td></td><td colspan="4"></td></tr>
</table>

RISK 022 Financial impact of rent control legislation – *Outwith Risk Appetite*

Strategic Outcome	Maintaining a strong credit rating and managing financial risk	Risk type	Financial or VFM	Risk owner	Group Director of Finance

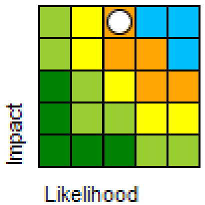
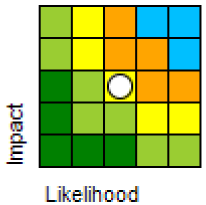
Description	*Controls*
There is a risk that the Group is required to significantly curtail future planned expenditure as a result of rent controls imposed by the Scottish Government, resulting in reduced spend on the new build programme, reduced capital investment in existing properties, and reduced services to customers, all of which may reduce customer satisfaction.	The Group is involved in discussions with the Scottish Government, both directly and through the Scottish Federation of Housing, about its plans in relation to the extent and period of any rent controls applied after 1st April 2023. This includes the Group Chief Executive's membership of a Scottish Government-convened working group. The Group has developed a flexible approach to the rent consultation so that customers contribute to the process in a meaningful way, within the constraints of the current period of uncertainty. The Finance team has reviewed financial plans against a variety of assumptions and will continue to review business plans as additional information becomes available.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk Appetite is **MINIMAL** (Light Green) **Outwith Risk Appetite**	• Group Board workshop including discussion of cost-of-living crisis (August 2022) • Group Board paper on rent setting approach (October and December 2022)

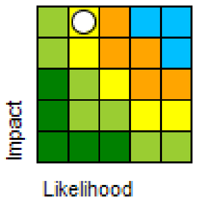
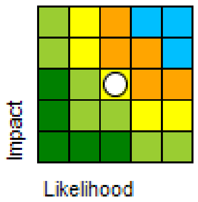
RISK 003 Fire Safety – *Outwith Risk Appetite*

Strategic Outcome	Investing in existing homes and environments	Risk type	Compliance: Legal/Regulatory	Risk owner	Group Director of Repairs and Assets

Description	*Controls*
There is a risk that a failure to comply with relevant fire safety standards for our buildings results in harm to the health or safety of our customers and/or staff, leading to injuries or fatalities, enforcement action and reputational damage	Group Fire Safety Team focuses on identification of fire preventions actions for implementation by MDs. Fire Working Group attended by Snr Mgt teams every 2 months feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Directors to review performance, emerging issues and escalate matters as required. Quarterly Bi-annual reporting of implementation of actions to Group Audit Committee. Outwith relevant premises, Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell, and Fire Risk Assessments are completed on a rolling cycle. Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed. Extensive compliance and investment regime to achieve compliance with building safety regulations (as required) and best practice guidance.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk Appetite is **MINIMAL** (Light Green) **Outwith Risk Appetite**	Standing item at Group Audit Committee meetings. (Ongoing) Annual Report to RSL and Lowther Boards on Fire Prevention and Mitigation Framework Group, RSL and Lowther Boards - Fire safety performance related KPIs (ADFs and FRAs) as part of standing performance updates. (Ongoing)

RISK 010 Group Credit Rating – *Outwith Risk Appetite*

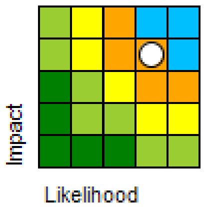
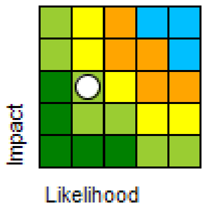
<table>
<tr><td>Strategic Outcome</td><td colspan="2">Maintaining a strong credit rating and managing financial risks</td><td>Risk type</td><td>Financial or VFM</td><td>Risk owner</td><td>Group Director of Finance</td></tr>
<tr><td colspan="3">Description</td><td colspan="4">Controls</td></tr>
<tr><td colspan="3">There is a risk that external factors such as a downgrade of the UK's credit rating or a default by another organisation within the social housing sector results in a downgrading of the Group's credit rating to BBB+ or below, resulting in a potential requirement to repay our European Investment Bank loans, a reduction in the availability of future borrowing, and/ or an increase in the cost of current debt.</td><td colspan="4">The Group's business plan is designed to maintain a strong standalone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. Mitigation drafting used in legal clauses - in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). Negotiation period – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. Standby funders to replace EIB if necessary - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. Annual review (April) and quarterly meetings held with the S&P ratings team to enable pre-emptive actions where required.</td></tr>
<tr><td>Inherent risk</td><td>Residual risk</td><td>Risk Appetite level:</td><td colspan="4">Previous / Next detailed Board update on operation of controls listed above:</td></tr>
<tr><td></td><td></td><td>Risk Appetite is <u>MINIMAL</u> (Light Green)

Outwith Risk Appetite</td><td colspan="4">Business plan projections for all Boards set out how we will maintaining financial position (Feb 22)
The Group and WFL1 Boards receive quarterly treasury reports on the current credit market conditions and any credit rating updates. (Quarterly through 2021 and 2022)</td></tr>
</table>

RISK 053 Damp and Mould – *New Risk*

Strategic Outcome	Investing in existing homes and environments	Risk type	Compliance - Legal / Regulatory	Risk owner	Group Director of Repairs and Assets

Description	*Controls*
There is a risk that housing stock is in a poor-quality condition as a result of damp and mould, resulting in harm to tenants' health.	***Existing controls*** The Group has a Damp and Mould Policy, which is supported by detailed procedures. Mould and damp are recorded as specific work order descriptions, with agreed timescales for completion of the works. Timescales for completion of mould works have been reduced from 30 to 15 days and all jobs include a full inspection arranged by the RICO team within 48 hours. Additional staff, who will specialise in mould and damp, are being recruited to provide additional resource to the existing team. A process in in place to contact tenants with completed mould and damp jobs to determine whether the reported issue has been resolved. Trades staff are made aware of condensation and its causes, as well as being trained in application of products used to manage it. There are annual visits to all properties as part of technical compliance programme, with those in attendance advised to report any issues noted while in a property, including damp and mould. Housing Officers also access properties at least once per annum (usually more frequently). Housing Officers have access to information about current mould and damp jobs, factsheets to provide to tenants and are able to direct tenants to videos on how to manage issues. These are also available on Group websites. Training has been developed for all frontline staff who work with tenants including housing, wraparound services, CFC and care staff. CFC staff have specific script for probing when someone raises concern about damp or mould so we understand clearly the extent of concern at the outset. A No Access Policy to cover the Group's approach to forced access, including in instances where repeated issues of damp and mould are raised but access is refused, has been recently rolled out. ***Planned controls*** The Group Health & Safety team has sourced products that can be made available to tenants to help manage condensation, such as dehumidifiers, air dryers for clothes and anti-mould sprays. These will be stored locally and fuel advisors will be able to issue these products to assist tenants. All staff with reason to visit customer homes are being trained to recognise signs of damp and mould. Daily PowerBI reporting on numbers of mould and damp work orders is in development. The group is developing a pilot exercise to test environmental sensors in a small number of properties.

Inherent risk	Residual risk	Risk Appetite level:	Previous / Next detailed Board update on operation of controls listed above:
		Risk appetite is **MINIMAL** (Light Green)	Property Condition Assurance Approach reported to Subsidiary Boards in November 2022 and Group paper on approach to Damp and Mould at the December Group Board.