THE GLASGOW HOUSING ASSOCIATION LIMITED

BOARD MEETING

Friday 26th March 2021 Via Videoconference

AGENDA

1. Apologies for Absence

2. Declarations of Interest

3. Minute of 12 February 2021 and matters arising

Main Business Items

4. Business update

5. [redacted]

6. [redacted]

7. Housing First update (presentation)

8. Group Protection update (Presentation)

9. Model Complaint Handling Procedure

10. 2021/22 UK and Scottish Government Budget update

11. a) 2021/22 Budget
    b) Finance Report

Other Business Items

12. Tenant satisfaction survey approach

13. a) Assurance update
    b) Internal Audit Approach and Plan 2020/21

14. Wheatley Solutions Services Agreement

15. Governance update

16. AOCB

Date of next meeting – 21 May 2021

Report

To:	**GHA Board**
By:	**Jehan Weerasinghe, Managing Director**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Business update**
Date:	**26 March 2021**

1. Purpose

1.1 This report provides an update on our response to the impact of the current pandemic on our services, partner organisations, their tenants and communities.

2. Authorising context

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

3. Risk appetite and assessment

3.1 The unprecedented nature of the current situation raises risks in a number of key areas. These include:

i. *Customers* - risks that our customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current government measures causing other effects such as hunger, isolation and mental and physical health problems;

ii. *Staff* - risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively; and

iii. *Financial viability* - risks to our financial position, such as increasing rent arrears and reduced cash flow.

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

4. Background

4.1 This report provides a further update on our contingency operations to support both essential business and the new issues faced by GHA customers.

4.2 It outlines our current remobilisation status across key customer facing areas following the Scottish Government's move to tier 4 restrictions on 26 December 2020 and then to a lockdown from 5 January 2021 applying to the whole of the Scottish mainland.

4.3 Maintaining service delivery in line with restrictions, ensuring safety and providing the best customer service possible remains a challenging operation. Rapid changes in Scottish Government guidance and in local situations means our service planning and our staff have to be highly agile. We continually review our services in the light of guidance but also from our own learning, seeking to ensure that our approach and processes remain exemplars for the sector.

4.4 Staff and customer communication is at the heart of this approach to ensure that they understand what we are doing, why and to be reassured that our processes keep them safe. Despite these challenges we have continued to meet the targets we have set for our remobilisation plans.

4.5 On 5 April the stay at home requirement is expected to be lifted by the Scottish Government and school pupils are expected to return to full time education. This will mean that our own adaptive remobilisation plans can be brought in with a move towards reintroducing more services.

5. Discussion

5.1 Over the summer and autumn, we expanded from our essential services, scaling up delivery as restrictions have allowed. This allowed us to bring many services back to normal volume levels. Achievements included:

- Returning to a position where all gas services are up to date after delays were caused by the first lockdown;
- The number of void properties returned to normal levels following increased numbers during the first lockdown when almost no letting was possible; and
- From 22 June 2020 repairs moved from essential only to Safety First (including for example repairs to showers, controlled entries, persistent leaks) and from 2 November 2020 to an extended repairs service which was closer to business as usual except for works which could not be done safely.

5.2 Our agility and rapid ability to scale up services has allowed us to create a much stronger position going into 2021 than would otherwise have been the case. However, the lockdown for the Scottish mainland means that we have had to review and amend our services in line with new restrictions. Our experience and agility means that we have strong planning mechanisms to help us consider service areas and move quickly to alternative models.

5.3 The **Emergency Response Fund** has continued to support vulnerable households, with an increase this quarter in requests – assessed and made by frontline staff on behalf of customers - for high-value items, such as white goods and furniture. There was an increase in demand also for B&Q vouchers for vulnerable tenants moving into new properties. More than 4,500 households have been supported over the first three quarters of the financial year.

5.4 **EatWell** has delivered over 20,000 emergency food packages to over 5,000 households, as well as distributing supermarket vouchers to more than 1,500 more customers. Those supported included customers who have lost their jobs, had their incomes cut drastically, been furloughed and/or are awaiting UC payments. The service was targeted - by using frontline knowledge, data and experience- at those who needed it most. These households contained more than 1,000 children.

5.5 Since July, we have moved to offering vouchers rather than food deliveries. Frontline feedback across Wheatley's west, east and south regions confirmed that although food deliveries were welcomed universally, many customers preferred the better choice and more discreet form of support offered by vouchers.

Rent campaign

5.6 Our annual rent campaign was delivered with a more digital focus this year, utilising social media, graphic image files and dialler technology to reach out to more customers as well as our more traditional approaches of writing to particular customer groups and making personal contact over the phone. We focused on promoting digital ways to pay such as Direct Debit and Web Self Service and highlighting the financial benefits and savings to be made by signing up for MySavings. We managed to increase our customers paying by direct debit by almost 1,400 while web self-service registrations increased by 57 over the period of the rent campaign. Despite the impact of the pandemic, we were able to hold the Christmas increase to almost exactly the same level as last year. Encouraging take up of the new Scottish Child Payment was also a key element of the campaign with over 2,900 customers contacted to highlight this and a second phase of contact currently ongoing. This will potentially benefit more than 3,500 children living in GHA properties who are aged 6 and under.

Letting

5.7 In line with our remobilisation plans we recommenced phase 2 of our lettings plan on 23 August. This involved letting homes that did not have major repairs. We have now also been able to undertake work on many homes with major repairs such as rot works. As a result, we returned to a normal level of outstanding voids before Christmas.

5.8 We have clarified the position on lettings and are able to continue what is effectively a business as usual position of letting homes in line with our remobilisation plans. This means that we are focussed on letting our homes to those in housing need – most often homeless households but also others who are in need due to medical priority or other issues.

5.9 Letting continues to take place using safe working procedures for viewings and sign ups. We have reviewed our position on applications to undertake a mutual exchange and will postpone those which are not essential, in line with Scottish Government guidance. Since the start of lockdown in March 2020, GHA have let 2,355 homes.

Repairs

5.10 During the lockdown period we have reverted to "Safety First" repairs only. Guidance has been issued to all staff so that they are clear on what repairs can be done. Housing Officers and call centre staff can also use their own judgement to categorise something as essential based on customer circumstances, particularly where the customer is vulnerable.

5.11 We have contacted all customers who had reported a repair prior to lockdown which will now not be done due to restrictions to explain the situation. They will be kept updated by text throughout lockdown where they have this facility. Customers will not have to report the repair again at the end of the lockdown – we will process and book in repairs as soon as we are able to do so. A similar approach is taken for those who now call in to report repairs which are non-essential. Customers have generally been understanding of the situation and have appreciated the fact that we are keeping them up to date.

5.12 In line with Scottish Government guidance that only essential repairs should be carried out inside someone's home, internal capital investment work has been put on hold. Customers who had a planned date for work to start have been contacted and informed of the situation. External investment works continue with appropriate safety procedures in place.

5.13 We continue to monitor our supply chain for repairs and investment following Brexit. So far there have been no major issues but there remains the potential for disruption, particularly around engineered parts which mostly come from Europe.

5.14 We are working through the backlog of medical adaptations which built up during earlier restrictions. Prior to undertaking work, we contact customers to assess with them whether it is appropriate to do the work at this time. This decision will depend on the urgency of the requirement and the ability to do the work while maintaining safe distancing. Some adaptations are crucial in enabling hospital discharge or avoiding admission to care homes and where possible we will always seek to do these projects.

5.15 Where a customer does not wish the work to be done at this stage we will contact them again as restrictions ease to plan the work. After a period of very few applications due to restrictions on occupational therapy assessments, numbers had begun to increase again. However, the new lockdown may reduce this again.

5.16 Repairs to voids continue with safe working practices in place. This supports our letting to households in need in line with the Scottish Government guidance that house moves, while allowed, should only be undertaken where essential.

5.17 Our repairs teams work closely with care staff to ensure that all essential repairs are undertaken safely within our care properties. This includes a recent example where a boiler broke down and was replaced within a day. Care staff ensured all residents were safely housed in temporary accommodation for the duration of the breakdown and were able to liaise closely with repairs staff around progress.

Rental income

5.18 Maintaining our rental income to fund our services and supporting our customers to pay their rent have been key priorities through the pandemic. Housing officers continue to successfully operate our virtual model of support through telephone and digital contact. This has enabled us to provide support and advice to customers at the point they need it most. It has been backed up by easy digital methods to pay which avoid unnecessary contact, with housing officers again providing support to help customers through the process.

5.19 We suspended home visits for rent issues on 5 January in line with lockdown restrictions. However, our housing officers continue to use all other methods to support our customers and collect income. Visits to customers will now only take place where there are acute welfare concerns.

5.20 The 6-month notice period for Notice of Proceedings and evictions has been extended by the Scottish Government until 31 March 2021. We have therefore developed a revised escalation process with a new set of escalation letters. This includes the potential to escalate to Notice of Proceedings where we are satisfied that the household ‘won’t pay’ rather than ‘can’t pay’. This will only be done following a review of each individual case, including an assessment of any covid-19 impact and any potential vulnerabilities.

5.21 The escalation process includes clear messaging for customers, stakeholders and staff. This outlines that only customers who repeatedly will not pay rent, have defaulted on an agreed repayment plan and repeatedly failed to engage with us would receive a letter about further action being taken. We will not evict anyone who falls into difficulty as a result of the impact of Covid-19. However, it is important that those who purposely avoid paying their rent understand they are in breach of their tenancy conditions and the consequences of this. We need customers to get in touch with us as quickly as they can so that we can help before the issue gets less manageable.

5.22 Despite the restrictions and the revised escalation process GHA’s rental performance has outstripped its comparator group (housing providers of +10,000) homes. The comparator group’s average GRA for January was 8.36%. GHA finished period 13 in March with GRA at just 4.79%. This was well within the target of 5.6% which we predicted to finish 2020/21 on. GHA’s sitting tenant arrears fell by £387,567 in period 13 and have ended the financial year at £6,096,861. This time last year sitting tenant arrears fell by only £150,565 from Period 12 -13. These impressive arrears results have meant that 773 customers were helped out of debt in March alone.

Stair cleaning and environmental services

5.23 The decision was made to suspend stair cleaning at the beginning of January. This was done in the light of Scottish Government guidance, the confined space available within stairs which makes it very difficult to distance if anyone needs to pass and the information on the increased transmissibility of the new Covid variant. Customers have been informed of the decision and the reasons for this. We will reinstate these services when it is safe and permissible to do so.

5.24 Wider environmental services continue as normal. These include our concierge and cleaning services within multi-storey flats. Snow clearing and gritting has also been a feature of recent weeks given the weather. We have redesigned our services to allow us to remove over 3,500 tonnes of bulk waste on a monthly basis. This helps to mitigate the risk of fire in our communities given that local authorities have suspended these services.

Fire safety, anti-social behaviour, Group Protection

5.25 Across the GHA, the number of accidental dwelling fires is down from last year's levels. The year to date position shows an 11% improvement compared to the same period last year, with 177 ADFs recorded compared to 192 last year. This is despite the fact that lockdowns and restrictions mean many people are spending more time at home. Fire safety visits for vulnerable households recommenced in the summer as part of our remobilisation plan. Over the last two years the team has visited over 1,000 priority customers providing fire safety products, advice and services and these have played an important role in reducing fires. Visits will continue for vulnerable households during the current lockdown.

5.26 Our fire safety team have continued to undertake fire risk assessments for multi-storey flats and care properties. These will also continue during the current lockdown. The addition of two new members of staff in February will increase our capacity and resilience in this area. The Scottish Fire and Rescue Service has suspended operational assurance visits (block inspections) from January, to ensure that they maintain operational resilience during the lockdown.

5.27 Our Home Safety Team continue to support our most vulnerable customers with safety and security advice and guidance and where relevant home safety pioneering products. This includes support to a number of domestic abuse Multi Agency Risk Assessment Conferences ("MARAC") referrals. Recent innovations include the pilot use of smart doorbells which record activity around the time someone uses the doorbell. The team continue to assess new products as they become available to ensure our customers have access to those which are most useful. Priority access to products has been given to some of our customers who have experienced domestic abuse and this has enabled them to feel safer in their home.

5.28 The Group Protection Team continues its work broadly as normal except that contact with relevant agencies is digital. This ensures that we can deliver preventative and support services for WHG customers who are victims of domestic abuse. We work extensively through our partnership arrangements, participating in MARAC, Multi Agency Tasking and Co-ordination forums ("MATAC") and Disclosure Scheme for Domestic Abuse Scotland ("DSDAS") across a variety of Local Authority Areas. Almost 50% of domestic abuse cases taken through the MARAC process related to our customers. Our work with partner agencies also includes ensuring the appropriate action is taken against perpetrators; this includes delivering preventative and educational services with the aim of stopping the offending behaviour. In some instances, we can move the perpetrator so that the victim can remain in their own home avoiding further disruption.

5.29 There is particular concern for the victims of domestic abuse during lockdowns - they may be confined to a home that is not safe, and may have less opportunity to seek out support. Our staff across the Group are well trained on domestic abuse, having been provided with the opportunity to participate in bespoke training developed and delivered jointly by us and National Domestic Abuse Charity Safe Lives. This allows them the knowledge, skills and experience to best support victims and their families, and connect them with our internal Wheatley wraparound support services, or signpost to tailored bespoke Domestic Abuse advocacy support with partners such as ASSIST or Women's Aid.

5.30 The Group Protection team possess a specialist level of knowledge on domestic abuse through their work on the operational forums, and are able to guide and assist staff dealing with complex cases, to work towards achieving the best available options and outcomes for any customer affected and impacted.

5.31 The anti-social behaviour team continues its work through our adapted service model which uses telephone and digital methods of contact wherever possible. This is supplemented by the use of home visits where these are essential. We continue to see an increase in cases recorded. Most are in relation to low level noise and neighbour disturbance that are likely to be directly related to lockdown circumstances. Police Scotland have noted a similar trend in their figures. Since lockdown there have been 6,092 ASB incidents reported by customers to GHA.

Homelessness

5.32 We continue to let majority of our homes to homeless customers with the target of 65% of relevant lets to homeless households being met within GHA. We also continue to flat-flip in GHA which entails flipping a temporary furnished flat to a permanent tenancy. Since lockdown we have flipped 71 flats in GHA. Of the 223 housing first cases across group, the vast majority of these customers are within GHA (145 households).

6. Value for money implications

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

7. Impact on financial projections

7.1 These are set out in our financial reporting which will continue to be updated as the situation continues.

8. Legal, regulatory and charitable implications

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

9. Partnership implications

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

10. Implementation and deployment

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

11. Equalities impact

11.1 None noted.

12. Recommendation

12.1 The Board is asked to note this update.

Report

To: GHA Board

By: Jehan Weerasinghe, Managing Director

Approved by: Martin Armstrong, Group Chief Executive

Subject: Model Complaint Handling Procedure

Date: - 26 March 2021

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1. Purpose

1.1 The purpose of this report is to inform the Board of the new Model Complaint Handling Procedure published by the Scottish Public Services Ombudsman on 31 January 2020 and to highlight the key changes; and

1.2 Advise the Board how we will implement these key changes to the Model Complaint Handling Procedure, including the roll out of mandatory training for staff, changes required to our performance indicators and our IT system (ASTRA).

2. Authorising context

2.1 Under the Group Authorise/Manage/Monitor Matrix, it is for the Group Chief Executive and Senior Management to ensure they manage any specific regulatory requirements and performance, including in relation to existing policies.

2.2 Any changes to our Complaints Policy are subject to Board approval. There are no changes required to our current policy as a result on the updated guidance.

3. Risk appetite and assessment

3.1 The risk appetite for complaint handling is within the Board Governance risk area which is defined as 'cautious' in their tolerance assessment on 22 November 2016. Cautious is defined as 'Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward'.

3.2 To mitigate this risk the complaints performance and development work has been updated to ensure compliance with the Scottish Public Services Ombudsman ("SPSO") Model Complaint Handling Procedures.

4 Background

4.1 The Group Complaints handling policy was refreshed in 2017 to include all subsidiaries including housing, care and commercial partners. The policy reflected the model complaint handling guidance published by the Scottish Public Services Ombudsman in 2012.

5. Discussion

5.1 On 31 January 2020, the SPSO issued their new Complaint Handling Procedure which all public services in Scotland have to adopt. The new model includes key changes to the complaint handling service and these are detailed below.

Key Changes

5.2 There is no change to the two stage complaint process or the timelines for responding to complaints at Stage 1 or Stage 2. The changes outlined in the table below are applicable to all public sectors in Scotland, including Registered Social Landlords, and aimed to deliver consistency across all sectors in how we handle complaints. The new Model Complaint Handling Procedure must be adopted by no later than 1st April 2021.

	Key Change	Current Position
Resolving Complaints	▪ Organisations may **resolve** a complaint by agreeing any action to be taken with the customer, without making a decision on whether to uphold / not uphold ▪ There must be a clear record of the resolution agreed and signposting to next stage	Complaints are currently closed as upheld or not upheld. As part of the pilot we have introduced a dissatisfaction code. In-house we will record these as dissatisfaction and resolved. We are waiting on information on how these will be recorded on ARC/SPSO returns. We will use these to improve performance
Agreeing complaint and outcome sought at Stage 2	▪ Organisations must agree the points of complaint and outcome sought with the complainant at the start of the Stage 2 investigation. ▪ Where the points of complaint and outcome sought are clear, this can be done by setting these out in the complaint acknowledgement letter.	Stage 2 complaints are acknowledged within 2 working days and confirm a response will be received within 20 working days. We already set out agreed points and outcome when responding to Stage 2 complaints.

Time limit for making complaints	▪ The six-month timeframe to make a complaint also now applies where the customer wishes to escalate to Stage 2 because they are unhappy with the Stage 1 response.	Complaints about services we provide must be received within 6 months of the event itself or finding out you have a reason to complaint but no longer than 12 months after the event itself.
Supporting staff	▪ Organisations must share relevant parts of the complaint and response with any staff members complained about ▪ At Stage 2, staff members must be given information about the complaint process and support available, and kept updated on any timeframe extensions	Staff are interviewed by line managers about complaints received about them. A record of the interview is recorded as part of the investigation process. Staff complaints are marked as sensitive to limit access to relevant staff.
Equality and accessibility	▪ Organisations will customise section 11 – 'Supporting the Customer' to reflect local context and customers right to equal access to complaints procedure. ▪ Organisations should set out what kind of actions staff may take to support equal access to the complaints process (including for vulnerable groups) ▪ Particular mention of Mental Health	Information about our complaints process is available on our websites, leaflets provided in local housing offices and it is also published in our newsletters. Staff should proactively check whether our customers' who contact us require additional support to access our services Providing interpretation and/or translation services for British Sign Language users; and helping customers Training of staff to help vulnerable people complain Sign-posting to Independent Advocacy

Complaints on social media (and other digital platforms)	▪ Organisations will customise section 20 to reflect local policy and approach to complaints received by social media / digital channels ▪ As a minimum, organisations must respond to complaints on their own social media channels by signposting to the complaints process and support available.	Communications and Marketing Team manage our social media pages and will explain to customers how to make a complaint by visiting Group subsidiary websites or by calling the Customer Service Centre or contacting local housing staff.
Contact from MPs / MSPs	▪ Organisations can set out details of local procedures but must ensure they comply with relevant legislation. ▪ Where a complaint is brought by an MP / MSP, the organisation must handle it in line with the Complaint Handling Procedure and ensure they do not operate a two-tier system	Our Member Services Team register enquiries received from Elected Members. These include general enquiries but also complaints about service received. Astra allows Elected Member details to be registered on the customers complaint records.
Performance indicators	▪ Organisations to report and publish on complaint statistics in line with performance indicators published by the SPSO ▪ These are currently being developed, and will include core performance indicators applicable to all sectors ▪ Additional performance indicators to support benchmarking are being developed for some sectors (including Local Authorities and Housing) in consultation with those sectors complaint handling networks.	Complaint performance information published quarterly on websites, annually in newsletters and ARC returns. Improve reporting information e.g. Power BI Be able to see what is reported about but also who is being reported about to pick up any early indicators or signs that a staff member requires help

<u>Implications of key changes</u>

5.3 At their annual conference on 25 February 2020, further guidance was requested from the SPSO in relation to the ‘resolved’ complaint outcome. The existing SPSO guidance confirms *‘a complaint can be resolved when both the organisation and the customer agree what action (if any) will be taken to provide full and final resolution for the customer, without making a decision about whether the complaint is upheld or not upheld’*.

5.4 This approach has already been tested during our complaints pilot, where we introduced a ‘Dissatisfaction’ category that empowered staff to resolve the customers complaint to their satisfaction, rather than raise a stage 1 complaint. We plan to update our recording system to include the ‘resolved’ outcome within the Dissatisfaction workflow. This will allow us to report the number of resolved cases annually to the SPSO.

5.5 In some circumstances, particularly at stage 1, it may be difficult to decide if a complaint is ‘upheld’ or resolved. The difference is:

- **Upheld** complaints are where we have found some failing by our organisation. For example:

  *A customer calls up angry, saying the workman did not turn up to fix their door. The staff member is unable to get a hold of the workman to confirm what has happened and has to rearrange the appointment. The staff member needs to investigate the complaint and discovers the workman had a car breakdown so missed the appointment. This complaint is **upheld** (and the staff member should also apologise and explain why the workman missed the appointment.)*

- **Resolved** complaints are where we have taken action without reaching any conclusions about whether there were failings (for example, because we agree a solution before we look in to the problem). For example:

  *A customer calls up angry, saying the workman didn’t turn up to fix their door. The staff member apologises and confirms there is a slot available that afternoon and offers this. The customer is happy with this, and does not want to pursue the complaint further. This complaint is **resolved**.*

5.6 If we know our services have fallen short of our expected standards, we should always uphold (or partly uphold) the complaint, and apologise to the customer.

5.7 The new Model Complaint Handling guidance will be available to all staff and will include the above examples on using ‘resolve’. In addition, that training and support will be provided jointly by Locality Housing Directors/Heads of Housing and the Group Complaints Team for frontline officers and Customer Service Advisors.

5.8 The ‘resolved’ outcome needs to be introduced by April 2021, the date all public sectors must comply with the SPSO Model Complaint Handling guidance. Introducing this category prior to April 2021 would impact reporting and performance indicators for the ARC return for year 2020 / 21.

5.9 Complaints about service raised by Elected Members on behalf of their constituents are handled by the Member Services Team. These will now be logged as complaints (if it is a complaint) and will be required to respond within the five and 20 days’ timelines. This will include Elected Member letters addressed directly to the Executive Team.

5.10 The 5 working day timeline for Stage 1 complaints can be extended to 10 working days but must be agreed and confirmed with the customer. Stage 1 Complaints extended beyond the 5 working days will be reported as a breach of the SPSO timelines and complaints not closed within 10 working days will escalate to Stage 2.

6. Performance Indicators

6.1 The SPSO are currently developing additional complaint handling performance indicators to support benchmarking for the Housing sector. In their draft model complaint handling procedure, the SPSO published 6 Performance Indicators; the first 4 indicators are mandatory and indicators 5 and 6 are recommended. Complaint performance indicators are currently recorded and reported internally every month and to the Board linked to performance reports. Senior Managers are provided with details of the monthly complaints performance information; this is also confirmed in the ARC performance information.

6.2 We are required to report quarterly and publish annually their Complaint Performance Indictors. It is good practice to set key performance targets each year and report performance against these targets.

6.3 *Indicator One – Learning from complaints.* We are required to provide a statement outlining changes or improvements to services or procedures as a result of complaints received. This should include complaint trends and examples to demonstrate how complaints have helped improve services. We currently publish complaint information quarterly on our website, annually in newsletters and via the ARC return.

6.4 *Indicator Two – The total number of complaints received*. This includes a change to current complaint reports. Each complaint will only be counted once, regardless of whether it is considered at Stage One, Stage Two or both.

6.5 *Indicator Three – Complaint Outcomes*. The outcomes will include the option to close a complaint as upheld, partially upheld and not upheld. The current ARC return does not include a partially upheld indicator and our complaints register does not currently include the option to partially uphold complaints. It is also worth noting that the SPSO have not included the ‘Resolved’ outcome.

6.6 *Indicator Four – Percentage of complaints at each stage which were closed in full within the set timescales of five and 20 working days*. There is no change to how we currently report this indicator.

6.7 *Indicator Five (recommended) – Raising Awareness*. A statement to be published reporting actions taken to identify vulnerable and underrepresented groups and raise awareness of, and access to, the complaints handling process with them. The SPSO have suggested some activities we can undertake under this indicator.

6.8 *Indicator Six (recommended) – Staff training in complaint handling*. A statement to be published reporting levels of staff awareness and training. This may also cover those staff that have been trained in mediation. This should include the number of staff, including managers and senior managers to complete mandatory or bespoke training. The statement should also include the number of staff who are undertaking or have completed a recognised professional qualification in a relevant field.

6.9 The Scottish Housing Regulator has not provided any guidance on the change to the ARC indicators.

6.10 We plan to adopt all 6 Performance Indicators. Changes will be required to our existing performance reports. These changes will need to be applied by April 2021.

7. Value for money implications

7.1 Presently we are unable to determine the true cost of complaints to our Group. In 2021/22 it is our ambition is to build a new service that incorporates the end to end cost of complaints to our business. We anticipate that this will include using existing reports to collate staff time, costs of making good any remedial works, arranging resolutions such as mediation appointments or wrap around services and gestures of goodwill offered as part of the complaint resolution.

8. Impact on financial projections

8.1 We envisage some spend next year to improve reporting to evidence our ARC performance reports including new charter indicators as detailed in section 6 above. In addition, Elected Member enquiries will be captured within the new reports and we expect to meet the costs of this within existing budgets.

9. Legal, regulatory and charitable implications

9.1 There are no legal, regulatory and charitable implications beyond those covered in the body of the report.

10. Partnership implications

10.1 There are no known partnership implications.

11. Implementation and deployment

11.1 Our Complaints Policy and procedures are already in place but will require to be refreshed and issued from April 2021. This will be coordinated from within existing staff teams.

12. Equalities impact

12.1 None identified.

13. Recommendations

13.1 The Board is asked to:

1) Note the new SPSO guidance is mandatory from April 2021 and the plans in place to implement the guidance in GHA; and
2) Note we plan to adopt all 6 of the SPSO performance measures.

GHA

Report

To: **GHA Board**

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

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

Subject: **2021/22 UK and Scottish Government Budget update**

Date of Meeting: **26 March 2021**

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1. Purpose

1.1 The purpose of this paper is to provide an update to the Board on the 2021/22 UK and Scottish Government Budget announcements and the implications for GHA.

2. Authorising context

2.1 This paper is provided for information only.

3. Risk appetite and assessment

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

3.2 Budget announcements by the UK and Scottish Governments can have a material impact on our activities, for example in relation to the welfare system, housing grant budgets and taxation. A number of the budget announcements provide greater certainty for us, in particular the Scottish housing capital budget, although at UK level risks remain, such as the uncertainty over the long term position for the £20 weekly Universal Credit increase and the impact this could have on customers.

4. Background

4.1 The Budget was delivered by the Chancellor of the Exchequer, Rishi Sunak, on 3 March 2021. It covered the current state of the UK economy and provided updates with respect to existing COVID-19 financial relief measures in place and the Government's plans to address the longer term economic effects of the pandemic.

4.2 Certain fiscal powers are devolved to the Scottish Government and they released their draft budget in January 2021, prior to the UK Budget announcement. As part of the UK announcement, an additional £1.2 billion of funding was allocated to Scotland under the Barnett formula and a range of subsequent announcements were made by the Scottish Government on 8th March as part of agreeing a budget deal with the Green Party.

4.3 Following the Scottish Budget, the Scottish Government released their policy document "Housing to 2040", which has a number of longer term budget implications.

5. Key issues and conclusions

Extension of the Coronavirus Job Retention Scheme

5.1 The Budget confirmed an extension of the Coronavirus Job Retention Scheme ("CJRS") more commonly known as the 'Furlough Scheme', for a further six months until September 2021. For the self-employed, the UK Government has also provided additional grant funding under the Self Employment Income Support Scheme ("SEISS"), capped at £7,500 per quarter for the next 6 months.

5.2 These measures provide some short term mitigation to the risks of unemployment increasing, but we will remain in close contact with our customers who we know to be furloughed or who have lost their jobs, to understand their financial situation and provide support where necessary. We continue to make conservative budget provision for increasing rent arrears in the context of the risks associated with the end of furlough.

Universal Credit and Working Tax Credit

5.3 The UK Government increased Universal Credit, Working Tax Credits and expanded Statutory Sick Pay at the beginning of the pandemic. The standard rate of Universal Credit was increased by £20 per week for an initial one-year period from 6 April 2020 which provided up to £1,040 for claimants during the year. The 2021 Budget announced that this would continue for a further 6 months. The increase has been an important part of supporting our UC customers and we will continue to lobby DWP to make this permanent.

5.4 The UK Government also announced a one-off payment of £500 to new and existing Working Tax Credit recipients, which will provide additional income support over the next six months.

Taxation

5.5 VAT is the most significant tax for us, since we are generally unable to reclaim this. No changes were made to VAT which would materially impact on our activities.

5.6 On corporation tax, the UK Government will increase the rate of corporation tax paid by businesses from 19% to 25%. This change will come into effect in April 2023 when, it is assumed, Covid-19 restrictions on trading and the economy will no longer be required.

5.7 While the Group's RSLs and charitable entities are exempt from paying corporation tax, this measure is of particular importance to Lowther Homes, which as a non-charitable, profit generating commercial entity is the only subsidiary in the Group projected to carry a corporation tax liability. From April 2023 corporation tax will be charged at 25% of profits after Lowther's planned gift aid payment to the Foundation. Over the first 5 years of the financial projections, Lowther will incur an additional £0.3m of corporation tax. This would have a direct impact on the level of Lowther's retained profits reducing them over the first five years from £5.7m to £5.4m. This may have some impact on its ability to provide gift aid to the Wheatley Foundation.

UK funding support

5.8 The UK budget stated that a £4.8 billion UK-wide Levelling Up Fund would be delivered, and local areas would be able to submit bids for the first round of funding starting in 21-22. This fund, as well as the previously announced UK Shared Prosperity Fund, involve the UK Government taking a role in directly funding Scottish projects, without a role for the Scottish Government.

Scottish Government Budget 2021/22

5.9 The Scottish Government budget and subsequent announcements provide for a total of £831.6m government grant on delivering new build affordable housing in Scotland in 2021/22, compared to the £843m allocation for the current financial year.

5.10 This funding is in the context of the Scottish Government's announcement that it will invest £3.5 billion in the Affordable Housing Supply Programme over five years if re-elected in May, and seek to deliver 100,000 homes by 2032.

5.11 Other funding announced for 2021/22 includes £81.6m for regeneration programmes, including £5m to regenerate Scotland's vacant and derelict land, and £150m for fuel poverty and energy efficiency measures. The detail of these funds and application processes is not yet clear, although we expect the majority to be administered via local authorities.

5.12 The Scottish budget included £15 million to establish the Apprenticeship Employer Grant and £30million to support the continuation of Foundation and Graduate Apprenticeships in Scotland. We will follow up on any opportunities to access this funding to support our apprenticeship programmes.

5.13 The application of the Barnett formula provides each of the devolved administrations with a share of UK central government funding to be allocated according to its own priorities. The UK Government Budget included an additional £2.4 billion to the devolved administrations through the Barnett formula, with the Scottish Government receiving £1.2 billion extra.

5.14 The Scottish Government announced a range of measures with this funding, including Pandemic Support Payments of £130 to households receiving Council Tax Reduction and two payments of £100 to families of children qualifying for free school meals. This augments the Scottish Child Payment discussed at the last Board meeting.

6. Value for money implications

6.1 No implications.

7. Impact on financial projections

7.1 The changes set out above do not materially change the assumptions in the financial projections considered by the Board at its last meeting.

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Recommendation

10.1 The Board is requested to note the contents of this paper.

GHA

Report

To:-	**GHA Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**2021/22 Budget**
Date of meeting:	**26 March 2021**

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1. Purpose

1.1 The purpose of this paper is to seek the Board's approval for the 2021/22 budget.

2. Authorising context

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

3. Risk appetite and assessment

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

3.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

4. Background

4.1 At the previous meeting in February 2021 the Board were presented with the revised five year financial projections and agreed that the 2021/22 figures would form the basis of the 2021/22 annual budget, which is presented in Appendix 1. This paper provides additional detail and commentary.

5. Discussion

5.1 The budgeted operating surplus of £54.0m (23.0% operating margin) is in line with the financial projections approved in February 2021. The statutory surplus before the gain/loss on investment properties of £3.9m is also consistent with the approved financial projections.

5.2 The budget includes the results of the Cube transfer from 28 April 2021 in line with agreed timetable, and has been compared to the financial projections on the same basis.

5.3 While the overall operating surplus and statutory surplus are in line with the financial projections, there are two differences within the budget lines on the operating statement:

- In running costs, further efficiency savings have been linked to the introduction of the new operating model and the move to the new hub based office provision of £0.8m.

- An additional provision of £0.8m has been set aside in repairs to provide additional funding to cover costs of repairs works which have not been able to be carried out during the fourth quarter of 2020/21 due to the restrictions placed on work within the home during the winter lockdown.

5.4 A number of key observations have been made below:

- Net rental income – The budget has been prepared on an LHO basis using the expected opening stock numbers on 1 April and adjusting for any changes expected in the year. The budget reflects the approved rent increase of 1.7% with a lower 1% increase applied to certain MSF properties and GHA and the rent promise to tenants transferring from Cube. Rental income also includes additional rent from the planned 93 new build properties for social rent expected to be completed during 2021/22. Budgeted void loss rates are set at 0.7% in line with pre- pandemic levels.

- Grant income is budgeted at £28.9m for 2021/22, and is in recognition of the completion of a total of 385 new homes, 93 of which are for social rent and a further 292 for mid-market rent.

- Operating costs in total are in line with those detailed in the business plan financial projections. Operating costs are expected to be £21.1m higher than the 2020/21 forecast on the assumption of a return to normal business operations as the pandemic restrictions fall away.

- Provision for ER/VR costs of £2.7m has been included in 2021/22. This funding will help us achieve our business plan cost efficiency targets.

- Direct running costs are budgeted at £10.9m, which is £0.8m lower than the financial projections. The reduction is related primarily to additional savings which can be achieved under the new home working operating model and are consistent with the reductions to running costs reported in 2020/21 to date. The budget also includes £3.5m of initiative spend, including a donation to the Wheatley Foundation.

- Repairs and maintenance costs of £30.4m are assumed in the budget, £11.2m higher than the expected 2020/21 outturn. This represents a return to the normal service model in 2021/22, and a further £0.8m of funding has been allocated to repairs to provide for any work which was postponed in the fourth quarter of 2020/21.

- Operating costs include prudent provision for bad debts to cover the continuing migration of tenants to universal credit as well as recognising that the longer term impact of the pandemic may affect tenants' ability to keep their rent accounts up to date.

- The budget for net interest payable of £50.1m is in line with the financial projections. Any interest receivable from Lowther Homes Ltd in respect of the convertible debt instrument will be paid directly to the Wheatley Foundation on GHA's behalf as our contribution to their activities.

- The budget for net capital expenditure of £91.4m includes £51.8m of investment spend on our existing stock as well as £55.7m of funding for our new build programme. This includes funding of £5.0m for the Customer Voice Fund, a provision included for tenant directed investment works, building customer engagement into our investment programme and delivering the projects most important to them.

- The detailed budget is presented in the appendix, which also provides a comparison with the financial forecasts approved in February 2021 and the expected 2020/21 outturn position.

6. Key issues and conclusions

6.1 This budget, once approved, will be used as the basis to monitor performance in the management accounts provided to the Board throughout the year.

7. Value for money implications

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

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Recommendation

10.1 The Board is requested to approve the draft 2021/22 budget.

List of Appendices

Appendix 1: GHA Budget 2021/22

GHA

2021/22 Budget

Better homes, better lives

Operating statement

	2020/21 FY Forecast	2021/22 Financial Projections	2021/22 Budget	2021/22 Variance Budget to FP
	£m	£m	£m	£m
INCOME				
Rental Income	182.9	198.8	198.8	0.0
Void Losses	(2.0)	(1.4)	(1.4)	0.0
Net Rental Income	**180.9**	**197.3**	**197.3**	**0.0**
Other Income	9.1	8.4	8.4	0.0
Grant Income recognised on completion	24.0	28.9	28.9	0.0
TOTAL INCOME	**214.0**	**234.6**	**234.6**	**0.0**
EXPENDITURE				
Employee Costs - Direct	(31.1)	(34.7)	(34.7)	0.0
Employee Costs - Group Services	(11.4)	(11.7)	(11.7)	0.0
ER/VR	(10.1)	(2.7)	(2.7)	0.0
Running Costs - Direct	(11.0)	(11.7)	(10.9)	0.8
Running Costs - Group Services	(6.5)	(8.4)	(8.4)	0.0
Revenue Repairs & Maintenance	(19.2)	(29.6)	(30.4)	(0.8)
Irrecoverable VAT and Bad debt	(9.3)	(11.7)	(11.7)	0.0
Depreciation	(60.4)	(68.9)	(68.9)	0.0
Demolition costs	(0.5)	(1.2)	(1.2)	0.0
TOTAL EXPENDITURE	**(159.5)**	**(180.6)**	**(180.6)**	**0.0**
NET OPERATING SURPLUS/(DEFICIT)	**54.5**	**54.0**	**54.0**	**0.0**
Net margin	*25.5%*	*23.0%*	*23.0%*	
Net Interest payable	(45.6)	(50.1)	(50.1)	0.0
SURPLUS/(DEFICIT)	**8.9**	**3.9**	**3.9**	**(0.0)**
INVESTMENT				
Total Capital Investment Income	13.0	28.5	28.5	0.0
Total Expenditure on Core programme	27.2	51.8	51.8	0.0
New Build and other expenditure	31.2	55.7	55.7	0.0
Other Capital Expenditure	3.3	12.4	12.4	0.0
TOTAL CAPITAL EXPENDITURE	**61.7**	**119.9**	**119.9**	**0.0**
NET CAPITAL EXPENDITURE	**48.7**	**91.4**	**91.4**	**0.0**

Comments:

- **The 2021/22 budget reports a net operating surplus of £54.0m (23.0%) and a statutory surplus of £3.9m. The budget includes the Cube stock transfers from 28 April 2021 in line with the agreed timetable and the financial projections are presented on the same basis.**
- Budgeted **net rental income** of £197.3m is comparable with the approved business plan. It is higher than the 2020/21 forecast, reflecting the rent increase, Cube stock transferred properties and additional rent from the additional 93 new properties for social rent, expected to be completed during 2021/22. Budgeted void loss rates are consistent with the financial projections.
- **Grant Income** recognised on completion of new build units is budgeted at £28.9m with 385 handovers expected across the social and MMR developments.
- **Employee and running costs** are expected to be in line with the approved business plan, reflecting the cost of living increase and the transfer of employee costs from the Cube stock transfer. ER/VR costs of £2.7m have been included in the budget; this will help us deliver the cost efficiency targets in the business plan long term staff savings for the business.
- **Direct running costs** are budgeted at £10.9m, which is £0.8m lower than the financial projections. The reduction is related primarily to additional efficiency savings identified within LHO and property costs which can be achieved under the new operating model. The budget includes £3.5m of initiative spend, including a donation to the Wheatley Foundation. The majority of the budget covers office and property running costs, including insurance and property rental costs.
- **Repairs and maintenance** costs of £30.4m are assumed in the budget, £11.2m higher than the expected 2020/21 outturn with a return to the normal service model expected as pandemic restrictions are removed and the budget representing a business as usual. The discount on repair costs, linked to the joint venture financial projections, is also included in this budget line. An additional budget provision of £0.8m has been set aside to provide for works that have been postponed in the final quarter of 2020/21.
- **Irrecoverable VAT and bad debt costs are** £2.4m higher than the expected 2020/21 outturn with both the projection and the budget including a prudent provision for an increase in bad debts and arrears in relation to an increasing number of tenants on Universal Credit.
- **Depreciation costs** which reflect a non cash accounting adjustment are £8.5m higher than the expected 2020/21 levels, with the increase driven by the high level of investment in our properties.
- **Total expenditure on core programme** has been budgeted at £51.8m. This includes our continued investment in our housing stock, capitalised employee costs in relation to investment staff and spend on disabled adaptation
- **New build and other expenditure** of £55.7m has been included in the budget for 2021/22. Of this, £0.3m relates to strategic acquisitions. The balance of £55.4m is funding for the new build development programme; with £53.2m included for contract costs and fees and £2.2m set aside for capitalised staff costs directly associated with the new build programme. Investment Grant Income (cash) of £28.5m is expected to be received in the year for the new build programme.

Rental income

Rental Income	2020/21 FY Forecast £m	2021/22 Budget £m
Rent Receivable	182.9	198.8
Void Losses	(2.0)	(1.4)
Net Rental Income	**180.9**	**197.3**
Average stock (nos)	40,355	43,593
Average annual rent per property (£)	**4,483**	**4,527**

Comments:

- The 2021/22 net rental income budget has been set at £197.3m. This is £16.4m higher than the full year GHA forecast for 2020/21 with the increase linked to both the introduction of Cube stock rental income, the approved rent increase as well as increased stock numbers, driven by new build completions and strategic acquisitions.
- The rental income budget is collated at an LHO level. It is based on anticipated opening stock levels at 1 April 2021 and adjusted for the completion of new build properties, strategic acquisitions and deduct any properties being cleared for demolition.
- The average annual rent per property is £4,527 which includes the 1.6% approved rent increase, and reflects the phased completion of units throughout 2021/22.
- Void losses are budgeted at 0.7% which is in line with the levels achieved prior to the pandemic.

Other income

Non rental income	2020/21 FY Forecast £m	Total 2021/22 Budget £m
Commercial Property e.g. offices, radio masts	1.9	1.7
MMR Lease Income	4.7	4.9
Service Charge Income e.g. Heat with Rent, Garages	0.8	0.8
Furnished Lets	0.8	0.0
District Heating	0.4	0.5
Other Income	0.5	0.5
Other Income	**9.1**	**8.4**
New Build Grant	24.0	28.9
Total Non Rental Income	**33.1**	**37.3**

Comments:

- Other Income is budgeted at £8.4m for 2021/22. This is £0.7m lower than the 2020/21 forecast with the most notable reduction in furnished lets income, while the service mode and tenants requirements are being re-assessed during 2021/22
- MMR lease income is budgeted to increase by £0.2m in 2021/22, driven by new build MMR properties completed during 2020/21 and 2021/22. Lowther lease the MMR units for onward letting to Lowther tenants and GHA charge an annual lease charge for the use of these properties.
- Other revenue streams include:
  - Commercial property income of £1.7m. This relates to income generated from our commercial units (i.e. offices and shops) as well as radio mast income.
  - Service Charge Income relates to income from the suite of other services offered to tenants; including heat with rent and lock up rental.
  - Demand for the furnished lets service has declined following welfare reform changes and the availability of the Home Comforts service and therefore no new packages are expected to be taken out whilst the current service is being reviewed. Any new packages will be reported as a favourable variance to budget in the year.
  - District Heating of £0.5m has been budgeted for 2021/22 including the transfer of income for Cube schemes transferred into GHA.

- New build grant income of £28.9m is expected to be released in 2021/22. This is in relation to completions at the following developments:
  - Carnwadric (22), Auchinlea (23), Kennishead (48); and
  - Sighthill (132), Dovehill (32), Hurlford Avenue (70), Watson Street (46) and Baillieston (12).

Employee and running costs

Employee Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Employee Costs - Direct	31.1	34.7
Employee Costs - Group services	11.4	11.7
Employee Costs (net of capitalisation)	**42.5**	**46.4**
ER/VR Costs	10.1	2.7
Total employee Costs	**52.6**	**49.1**

Running Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Insurance	1.0	1.1
LHO Costs	1.1	0.8
NETS & W360 Running Costs	3.0	3.1
Furnished Lets Costs	0.3	0.0
CIP	0.9	0.9
Other	1.2	1.6
Core Running Costs - Direct	**7.5**	**7.5**
Wider Action	3.5	3.4
Total Running Costs - Direct	**11.0**	**10.9**
Running Costs - Group services	6.5	8.4
Total Running Costs	**17.5**	**19.3**

Wider Action Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Helping Hand Fund	0.6	1.0
Helping Hand Fund - Living well	0.2	0.2
Handyman Service	0.1	0.1
Better Lives	0.7	0.5
Funds to Foundation	0.8	0.3
Tenancy Sustainment	1.1	1.3
Total Wider Action Costs	**3.5**	**3.4**

Comments:

- The total 2021/22 budget for **employee costs** (net of capitalisation) has been set at £46.4m. This is in line with the financial projections and includes the cost of living increase.
- Provision for ER/VR costs of £2.7m has been included in 2021/22. This funding will help us achieve our cost efficiency targets laid out in the the financial projections.
- Total **running costs** (Direct and Group services) are budgeted at £19.3m for 2021/22.
- Budgeted core running costs are expected to be in line with the current year forecast and will include costs associated with the Cube stock transfer. Property cost efficiencies, following the launch of the new office accommodation strategy, and the implementation of the new operating model are helping to hold the running costs at the lower levels reported in 2020/21 and creating additional savings when compared to the financial projections.
- LHO running costs include budget for property costs (rent, rates), Think Yes, Telephone costs, staff expenses, training, office sundries, etc.
- In 2021/22, consistent with 2020/21, all NETs and W360 costs will go through GHA with a proportion passed on to other group subs. The value shown is net of any recharges. NETs costs include the introduction of the My Environmental Service which will provide a group wide service, with groupings in the east, west and Glasgow citywide.
- YourPlace charges (included in other costs) relate to costs for the CRT (£0.5m) and the capital billing process (£0.2m).
- **Wider Action costs** include funding for the Tenancy Sustainment service (£1.3m), the Helping Hand budget for the Livingwell service managed by Loretto Care (£0.2m), Better Lives funding (£0.5m), the Helping Hand Fund (‘HHF’) (£1.0m) as well as a donation to the Wheatley Foundation (£0.3m).
- Total HHF budget is £1.2m. Of this, £0.2m is ring fenced to fund the Livingwell charge to support tenants that were in the properties prior to the charge being applied. The Core HHF funding remains at the same level as 2020/21, to reflect the rent increase and recognise the potential impact of universal credit.

Other revenue costs

Repairs & Maintenance Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Cyclical & Responsive Repairs	16.8	30.3
Communal Electricity	1.7	2.2
Communal Heating	0.7	0.7
Share of JV Profits	0.0	(2.8)
Total Repairs & Maintenance Costs	**19.2**	**30.4**

Demolition Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Demolition costs	0.5	1.2

Financing Costs	2020/21 FY Forecast £m	2021/22 Budget £m
Bank Fees	0.2	0.2
Interest payable	45.4	49.9
Interest receivable	0.0	0.0
Total Financing Costs	**45.6**	**50.1**

Comments:

- Total **repairs and maintenance** spend is budgeted at £30.4m and includes an additional £0.8m over in additional to the provision in the financial projections to cover costs associated with postponed repairs in the fourth quarter of 2002/21. The budget also reflects an inflationary uplift in cost, and additional budget provision linked to additional stock numbers.
- The budget is net of our expected profit share from our joint venture in City Building (Glasgow) LLP of £2.8m. Excluding the profit share, repairs expenditure is budgeted £14.0m higher than the 2020/21 forecast; reflecting the increase in activity post the COVID lockdown, inflationary increases, the current responsive repair spend levels, as well as including provision for increased cyclical and compliance works. The budget for underlying repairs expenditure also includes £3.0m allocated for communal utility costs.
- **Demolition spend** is expected to increase in 2021/22 to £1.2m, including costs associated with the ongoing demolitions delayed due to the COVID pandemic,.
- **Financing costs** are budgeted at £50.1m.
  - Bank fees are expected to be comparable year on year.
  - Interest costs incurred are expected to be £4.5m higher with additional borrowing required to fund our new build programme.
  - Interest receivable on the Lowther convertible debt is be paid in full directly to the Wheatley Foundation as GHA's contribution to its activities. In return, the Foundation will deliver a number of initiatives including the provision of the welfare benefits and money advice service.

Capital expenditure

Investment Expenditure	2019/20 FY Forecast £m	2020/21 Budget £m
Core Investment Programme	18.8	29.7
Disabled Adaptations	0.7	1.5
Area Committee Allowance/Customer Voice Fund	0.2	5.0
Capitalised Voids and Repairs	5.0	12.7
Capitalised Employee Costs	2.5	2.8
Total investment spend on existing properties	**27.2**	**51.8**
Property Acquisitions	0.8	0.3
New Build development programme	28.4	53.2
Capitalised Employee Costs	2.0	2.2
New build and other expenditure	**31.2**	**55.7**
Environmental/Community infrastructure	0.0	0.0
IT Contribution	2.2	5.0
Office Accommodation	1.1	7.2
Commercial properties	0.0	0.2
Other Fixed Assets	**3.3**	**12.4**
Total Investment Expenditure	**61.7**	**119.9**

Comments:

- The 2021/22 budget for investment in our existing stock is £51.8m:
  - The **Core Investment Programme** budget is £29.7m
  - Funding for disabled adaptations has been set at £1.5m for 2021/22.
  - The budget for capitalised voids and repairs has been set at £12.7m, on track with 2019/20 levels of spend prior to the COVID pandemic.
  - The total budget includes capitalised employee costs of £2.8m. This relates to staff who are directly linked to the investment programme or maintaining the value of our housing stock.
  - Funding of £5.0m has been included for the Customer Voice Fund. This provision will be used for tenant directed investment works, building customer engagement into our investment programme and delivering the projects most important to them.

- Investment in new properties has been budgeted at £55.7m.
  - Of this, £0.3m has been allocated to **strategic property acquisitions**.
  - **New build development** costs include the costs of building both social and mid market rent housing properties. The budget of £53.2m relates to investment fees and contract costs for developments already on site or expected to be on site in 2021/22. The total budget also includes capitalised employee costs linked to the new build programme of £2.2m.

- **Other capital expenditure** encompasses other fixed asset investment by GHA, namely IT capital projects, work carried out to refurbish our offices and any capitalised works at our commercial properties. The 2021/22 budget is £12.4m, £9.1m higher than the 2020/21 forecast, including additional expenditure on the accommodation strategy, and GHA's share of Group IT capital investment, which is significantly higher in 2021/22 and aims to transform our service delivery to meet increasing customer demands and provide the technical infrastructure to meet the Group's 2021-26 strategic aims.

GHA

Report

To:- **GHA Board**

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

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

Subject: **Finance Report**

Date of meeting: **26 March 2021**

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1. Purpose

1.1 The purpose of this report is to:

- provide the Board with an overview of the management accounts for the period to 28 February 2021; and
- seek approval for an amendment to our loan arrangements.

2. Authorising context

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

3. Risk appetite and assessment

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

3.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

3.3 The proposed amendments to our funding arrangements are neutral. This is because our funding risk is spread across the Group RSLs. Although Cube will be wound up, its business and assets remain in group and secured to the funders.

4. Discussion – Period to date

4.1 This report outlines performance against budget for the period to 28 February 2021, with the appendix providing more detail on the financial results.

4.2 GHA has reported a net operating surplus of £51.4m for the year to date, £2.8m adverse to budget, and a statutory surplus of £10.3m for the period to 28 February 2021, £1.3m favourable to budget.

4.3 The main drivers of the variance are lower grant income due to the delay in GHA completions from March 2020 and lower levels of expenditure resulting from the changes to the business in response to the pandemic. Key points to note:

- Net rental income of £165.6m is reported for February which is £1.3m adverse to budget. Void losses are £0.7m higher than budget as the letting of properties was placed on hold during the first quarter, with ongoing letting requiring to be conducted under social distancing measures. Net rental income also includes the impact of delays in new build completions following site closures in the early part of the year and the need for enhanced health and safety measures being put in place since work has restarted.
- Grant income of £17.1m has been recognised for 255 completed units across the GHA sites Property completions are ongoing at Bellrock and Auchinlea developments.
- Operating expenditure is £15.4m favourable to budget, with the majority of variances due to changes to the business during the pandemic. ERVR spend reflects the implementation of the new operating model agreed by the Board in November. The repairs service has been subject to varying levels of restriction throughout the year to date and reports spend £8.5m favourable to budget. Bad debt costs remain within budget allocations.

4.4 GHA has reported net capital expenditure of £46.0m for the period to 28 February 2021, which is £28.6m lower than budget. This variance is mainly driven by the low spend levels incurred in the investment and new build programmes compared to budget. Key points to note:

- The investment programme is £19.8m lower than budget, driven by restrictions to the programme associated with the pandemic. Spend of £24.6m includes costs for repairs on central heating, kitchens, bathrooms, lifts, external fabric, internal common works, environmental and compliance work.
- New build spend is £13.8m lower as a result of the initial suspension of new build activity at the start of the financial year. Construction recommenced in July with enhanced health and safety requirements. Spend to date includes work at sites which have now completed such as Scaraway (£2.5m), Linkwood (£0.7m) and Inglefield (£1.1m), and sites where work is ongoing including Kennishead (£1.8m) Watson (£2.4m), Baillieston (£3.1m), Auchinlea (£1.4m) and Sighthill (£4.2m.

5. Funding update

5.1 Following a successful tenant ballot, the dissolution of Cube Housing Association is to proceed with a planned transfer of assets to GHA (for all assets located within the Glasgow City Council area) on 28 April 2021 and a subsequent transfer of engagements to Loretto Housing Association in the summer, following regulatory approvals. Our funders have consented to the reorganisation, subject to provision of various documentation (including the Business Transfer Agreement).

5.2 On winding up, Cube will no longer be a member of the RSL borrower group and will be removed as an Additional Guarantor in Wheatley's funding arrangements.

5.3 As an Additional Guarantor in the borrower group the GHA Board is required to approve the Amendment Letter, Officer's Certificate and proforma minute to remove Cube. These are included in Appendix 2 and have been prepared by our solicitors. These documents will amend our debt facilities with our lenders to allow the proposed reorganisation.

6. Value for money implications

6.1 No further implications.

7. Impact on financial projections

7.1 The 2021/22 Business Plan was approved by the Board at the February 2021 meeting and will form the basis for the 2021/22 budget. In the current financial year, the emergence of COVID -19 and the lockdowns imposed by the UK and Scottish Government in March 2020, and again in December 2020, have required us to make significant changes to the way we deliver services to our customers and to the operation of the business. We have updated our current year forecasts to reflect these changes and the updated 2020/21 full year forecast out-turn is used as the opening financial position for the 2021/22 Business Plan.

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Recommendations

10.1 The Board is requested to:

1) note the management accounts for the period to 28 February 2021 at Appendix 1; and
2) approve the Amendment letter, Officers Certificate and proforma minute relating to the dissolution of Cube Housing Association provided in Appendix 2.

List of Appendices

Appendix 1: Period 11 – 28 February 2021 Finance Report
Appendix 2: [redacted]

Period to 28 February 2021 Finance Report

Better homes, better lives

Classified as Public

Period 11 – 2020/21 Finance Board Report

SUMMARY FINANCIAL PERFORMANCE

1. Operating statement P11 – February 2021

	Year To February 2021			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Rental Income	£167,450	£168,081	(£631)	£183,732
Void Losses	(£1,871)	(£1,167)	(£704)	(£1,275)
Net Rental Income	**£165,580**	**£166,914**	**(£1,335)**	**£182,457**
Other Income	£8,167	£7,852	£316	£8,648
Grant Income	£17,086	£34,259	(£17,172)	£34,259
Total Income	**£190,833**	**£209,025**	**(£18,191)**	**£225,364**
EXPENDITURE				
Employee costs	£38,587	£42,366	£3,780	£46,149
ER / VR	£1,600	£708	(£892)	£773
Running costs	£15,640	£17,318	£1,678	£18,919
Revenue Repairs and Maintenance	£19,116	£27,614	£8,498	£27,511
Irrecoverable VAT and bad debts	£7,577	£9,498	£1,922	£10,362
Depreciation	£56,496	£56,496	£0	£61,632
Demolition and Tenants Compensation	£405	£852	£447	£930
TOTAL EXPENDITURE	**£139,420**	**£154,853**	**£15,432**	**£166,273**
NET OPERATING SURPLUS / (DEFICIT)	**£51,413**	**£54,172**	**(£2,759)**	**£59,091**
Net operating margin	26.9%	25.9%	1.0%	
RTB Income	£0	£0	£0	£0
Interest payable & similar charges	(£41,138)	(£45,214)	£4,076	(£49,553)
STATUTORY SURPLUS / (DEFICIT)	**£10,275**	**£8,958**	**£1,317**	**£9,538**

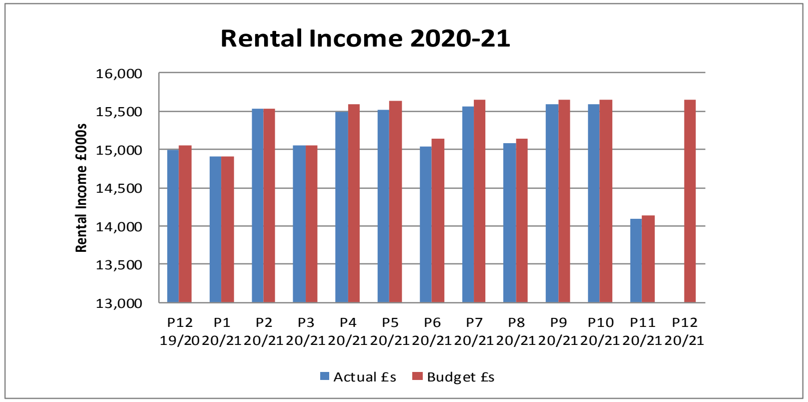
INVESTMENT	Year To February 2021			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
Total Capital Investment Income	**£8,097**	**£13,295**	**(£5,197)**	**£17,668**
Total Expenditure on Core Programme	£24,650	£44,413	£19,763	£47,045
New Build & Other Investment Expenditure	£26,847	£40,609	£13,761	£44,959
Other Capital Expenditure	£2,585	£2,821	£236	£3,257
TOTAL CAPITAL EXPENDITURE	**£54,082**	**£87,843**	**£33,761**	**£95,261**
NET CAPITAL EXPENDITURE	**£45,985**	**£74,548**	**£28,563**	**£77,593**

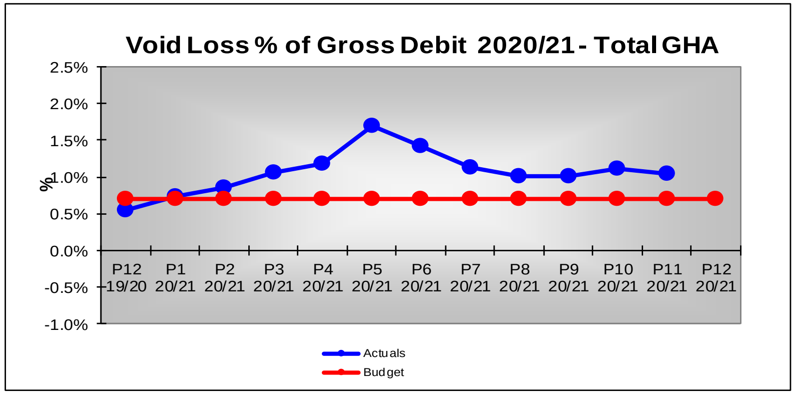
Key highlights year to date:

- Net operating surplus of £51,413k is £2,759k unfavourable to budget. Statutory surplus for the period to 28 February is £10,275k, £1,317k favourable to budget. The main drivers of the variance are lower grant income due to the delay in GHA completions from March 2020 and lower levels of expenditure resulting from the changes to the business in response to the pandemic.
- Net rental income of £165,580k is £1,335k adverse to budget as a result of the delaying in the availability of new build properties for letting and higher levels of voids from the restrictions on re-lets earlier in the year.
- Void losses are £704k higher than budget year to date at February, representing a 1.12% loss rate compared to budget of 0.7%. A further 148 void properties were let during February, with 367 properties void on debit on 28th February. No void properties remain from the earlier backlog with the exception of 4 under major repair. In the month, Void losses are £48k higher than budget, representing 1.04% loss rate compared to budget of 0.7%.In P11.
- Grant income recognised relates to the total of 255 units completed at Inglefield (49), Linkwood (88), Bellrock (27), Auchinlea (42) and Scaraway (49) developments.
- Total employee costs are £3,780k favourable to budget, included are employee recharges from Solutions which are £622k favourable to budget and the staffing changes from the introduction of the new operating model.
- ERVR spend includes costs for leavers linked to the new staff operating model, with a number of staff due to take up ERVR March.
- Total running costs are £1,678k favourable to budget with the variance largely linked to the change in the operation of the business during lockdown which has resulted in lower than expected costs in a number of areas against budget. Included in the costs are purchases of PPE showing an unbudgeted spend to date of £325k.
- Revenue repairs and maintenance expenditure is £8,498k favourable to budget. The service has been impacted as a result of the ongoing restrictions, with continued favourable variances to budget seen across most areas of repairs. Compliance YTD spend is £2,055k under budget with number of programmes delayed due to Covid-19.
- The net capital position of £45,985k is £28,563k below budget. Grant income of £8,097k has been claimed for Sighthill £1,683k, Dovehill £2,226k, Hurlford Ave £1,280k, £963k for Baillieston, £1,742k for Watson and £203k for Carnwadric.
- Core capital investment programme spend on existing stock is £19,763k lower than budget driven by the postponement of internal works during the lockdown with external work the main focus of spent during this period.
- New build spend is £13,761k lower than budget following the closure all construction sites on in the first quarter and the progress made to date since reopening. The £3.0m of spend in February is £0.3m ahead of budget in the month and relates to costs for Baillieston, Dovehill, Sighthill, Inglewood and Watson.
- Other capital expenditure of £2,585k, is £236k favourable to budget, representing GHA's share of expenditure on the new repairs system initially being deployed at DGHP and the ASTRA customer relationship management system upgrade.

2a. Income – Rental Income & Void Losses

	YTD Actual £000s	YTD Budget £000s	YTD Variance £000s
Rental Income	167,450	168,081	(631)
Void Losses	(1,871)	(1,167)	(704)
Net Rental Income	165,580	166,914	(1,335)





Comments:

Net rental Income is £1,335k higher than budget. The variance has been driven by a delay to the assumed completion date of social rent units at Bellrock, Linkwood, Auchinlea and Scaraway, and higher levels of voids.

- The Rental Income graph shows the actual and budgeted rental income for the financial year. The budget fluctuates each month as a result of the number of days in the month, any expected new build handovers, and assumed acquisitions. The actual rent has been lower than budget following the delays in new build unit handovers. There were 255 units completed to date against 263 originally budgeted for.
- Void losses are £704k higher than budget, with re-letting of empty properties impacted by the Covid-19 restrictions. A number of properties have being allocated to Glasgow City Council to help with homelessness during pandemic.
- Year to date void rental performance measure is 1.12% compared to a budgeted void loss of 0.7%, the measure for the month is 1.04%. The void loss % graph shows lost rental income performance against the gross rental debit.
- GHA had 344 voids at the beginning of April when letting was initially suspended, peaking at 692 units. Re-letting began in August, all of the backlog properties are now let, with the exception of 4 properties requiring major repair. A further 148 void properties were let during February, with 7 properties currently under major repair.
- Letting has been permitted to continue during the winter 2021 lockdown, but has been subject to social distancing restriction and the use of PPE and void levels have yet to return to a pre-lockdown position.
- Due to the city building shut down over the Christmas break where no void work or letting was undertaken over a 2 week period there was a small peak post Christmas. GHA voids on debit voids are now almost at pre covid levels.

2b. Investment Expenditure – Regeneration

		YTD				Full Year
	Contractor	Actual	Budget	Variance	Variance %	FY Budget
AUCHINLEA	ENGIE	1,353	1,622	269	17%	1,622
BELLROCK/CRANHILL	ENGIE	269	104	- 165	-159%	104
CARNWADRIC	CCG	435	1,639	1,205	73%	1,837
DAMSHOT	CCG	86	1,170	1,084	93%	1,426
FEASIBILITY	-	215	183	- 32	-17%	183
GALLOWGATE2	CCG	6	68	62	91%	68
GLENACRE	MACTAGGART	80	79	- 0	0%	79
HINSHELWOODSR	CRUDENS	195	177	- 18	-10%	177
KENNISHEADNB	ENGIE	1,754	1,802	48	3%	1,802
LINCOLN	CRUDENS	81	-	- 81	N/A	-
LINKWOOD	MACTAGGART	716	389	- 328	-84%	569
MCGILLPS/MEIKLERIGG	CRUDENS	109	31	- 78	-252%	31
MILTON/CATHAY	ENGIE	113	100	- 13	-13%	140
SCARAWAY	MACTAGGART	2,429	2,853	423	15%	2,853
SHAWBRIDGE		90	-	- 90	N/A	-
TARFSIDE	CCG	49	100	51	51%	100
RETENTION	-	442	-	- 442	N/A	-
Total Social rent		**8,421**	**10,317**	**1,896**	**18%**	**10,991**
BATSON/HOLLYBROOK	CCG	82	-	- 82	N/A	-
BAILLIESTON	MACTAGGART	3,105	3,522	416	12%	3,522
BELLSTREET	CCG	117	114	- 3	-2%	114
BURNMOUTH	CCG	160	-	- 160	N/A	-
CALTONVILLAGE	MACTAGGART	385	-	- 385	N/A	-
DOVEHILL	CCG	2,199	1,855	- 343	-19%	2,185
HINSHELWOODMMR	CRUDENS	52	55	3	5%	55
HURLFORD AVENUE	CCG	1,837	3,899	2,061	53%	4,606
IBROXHOLM	ENGIE	109	110	1	1%	110
INGLEFIELD	CCG	1,075	1,033	- 42	-4%	1,033
SIGHTHILL	KEEPMOAT	4,186	11,102	6,916	62%	12,102
WATSON	CCG	2,376	6,280	3,904	62%	6,280
Total Mid Market rent		**15,686**	**27,970**	**12,284**	**44%**	**30,007**
DOVEHILL	CCG	366	-	- 366	N/A	-
SHAWBRIDGE		50	-	- 50	N/A	-
Land Acqusition	-	**416**	-	- **416**	1%	-
capitalised costs		2,324	1,909	- 415	-22%	
DEVELOPMENT FUND	-	-	413	413	100%	450
Total New Build Investment		**26,847**	**40,609**	**13,762**	35%	**41,448**

New build expenditure to February is £26.8m, £13.8m lower than budget. Grant income of £8,097k has been claimed for Sighthill £1,683k, Dovehill £2,226k, Hurlford Ave £1,280k, £963k for Baillieston, £1,742k for Watson and £203k for Carnwadric.

- Auchinlea: 42 units competed by the end of P11 with a further 15 handovers expected by end of March 2021, giving 57 for the year, with the remaining handovers to continue into 2021-22.
- Carnwadric -: Project approved and site commenced in January 2021.
- Damshot: Project approved and due to start 29th March 2021.
- Bellrock/Cranhill: 7 units completed by the end of P11 with final handovers by end of March 2021.
- Kennishead: 15 units are expected by end of March with a programme planned to complete July 2021.
- Linkwood: All 88 units were been completed by November.
- Scaraway: Re-opened in July with YTD spend of £2.4m. All 49 units were completed by end of December.
- Baillieston: Work ongoing, completions now due in 2021/22 due to Covid delays
- Calton Village: Project approved by Development Committee with an expected start date of March 2021.
- Dovehill: Tender approved, site acquired. Site commenced on 3 August 2020.
- Hurlford Avenue: Demolition works are now complete and construction started in November 2020.
- Inglefield: All 49 units handed over by end of August 2020, fully let.
- Sighthill: Progress under current restrictions has been impacted with manning levels not yet returned to pre-Covid levels.
- Watson: The work is now progressing well on site, with planned completion by autumn 2021/22.

3. Balance Sheet

	Current Month As at 28 February 2021 £000's	Previous yr end As at 31 March 2020 £000's
Fixed Assets		
Social Housing Properties	1,307,432	1,339,820
Properties under construction	83,803	57,089
Other tangible fixed assets	49,577	39,926
Investment properties	41,153	41,153
Investments - other	8,387	8,387
Fixed Assets	**1,490,352**	**1,486,375**
Debtors Due More Than One Year		
Development Agreement	14,823	20,478
Inter Company Loan	27,730	27,730
Pension Asset	13,585	13,585
Current Assets		
Trade debtors	(0)	0
Rent & Service charge arrears	14,865	6,760
less: Provision for rent arrears	(5,194)	(4,823)
Prepayments and accrued income	6,074	7,507
Intercompany debtors	5,017	10,664
Other debtors	6,289	7,890
	27,050	**27,998**
Bank & Cash	13,174	3,796
Current Assets	**40,224**	**31,794**
Current Liabilities		
Trade Liabilities	(5,052)	(1,458)
Accruals	(15,539)	(15,200)
Deferred income	(33,361)	(42,226)
Rents & service charges in advance	(8,193)	(7,313)
Intercompany creditors	(4,248)	(3,472)
Other creditors	(5,613)	(8,204)
	(72,006)	**(77,873)**
Net Current Assets	**(31,782)**	**(46,079)**
Long Term Liabilities		
Contingent efficiencies grant	(36,693)	(36,693)
Bank finance	(858,027)	(850,028)
Development Agreement	(14,823)	(20,478)
Provisions	(1,094)	(1,094)
Other creditors	0	0
Long Term Liabilities	**(910,638)**	**(908,293)**
Net Assets	**604,071**	**593,796**
Funding Employed		
Capital & Reserves		
Retained Income b/fwd	252,434	252,434
Income & Expenditure	10,275	0
Revaluation Reserves	341,362	341,362
Funding Employed	**604,071**	**593,796**

GHA

Comments:

- The balance sheet reported reflects the 31 March 2020 year end statutory accounts position after completion of the audit. Year end adjustments applied include the revaluation of housing properties and actuarial valuation of the defined benefit pension scheme.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date.
- **Debtors due after more than one year:** The intercompany loan debtor relates to the £30m of convertible debt with Lowther Homes Limited. This is revalued on an annual basis.
- No change in the pension asset is assumed during the year for management accounts purposes, as the valuation is carried out annually.
- Current Assets (excluding cash) are £0.9m lower than the yearend balance, across all categories with the exception of the net arrears position. Net rental arrears are £9.7m which is £0.9m higher than at the same point last financial year. The March 2020 year end gross arrears figure includes the early receipt of housing benefit payments which reduced the figure reported.
- **Short-Term Creditors** – Amounts due within one year of £72.0m is £5.9m lower to the March position and include £15.5m in accruals and £33.4m in deferred income. The deferred income primarily relates to housing association grant received for the construction of new build properties which is released on property completion. The remaining balance includes rent received in advance from our tenants, trade and other creditors and balances owed to other Wheatley entities.
- **Loans** of £858.0m relate to funding drawn down from WFL1. Net borrowings of £8.0m have been drawn in the financial year to date.

GHA

Report

To:	**GHA Board**
By:	**Jehan Weerasinghe, Managing Director**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Tenant Satisfaction Survey Approach**
Date of Meeting:	**26 March 2021**

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1. Purpose

1.1 To seek Board approval for our approach to our customer satisfaction survey for 2021/22.

2. Authorising context

2.1 We ordinarily undertake an annual, independent tenant satisfaction survey. It was previously agreed by the Boards that we not undertake one in 2020, with a view to carrying out our own in house survey.

2.2 It was subsequently agreed that the timing should be delayed from the initial assumption of October/November and considered in the early part of 2021.

3. Risk appetite and assessment

3.1. Our risk appetite in relation to regulatory matters is cautious. That is defined as "*Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward*". The current regulatory requirements for satisfaction surveys for Registered Social Landlords is that they are carried out under the full ARC question set **triennially**.

3.2. We last carried out a full survey in 2019, with the next one being required in **2022.** There is therefore no risk that by undertaking a different approach this year we will not be meeting our regulatory requirements.

3.3. A full ARC-specification customer satisfaction survey is designed to gauge customer views in the context of normal operating conditions and service delivery arrangement. We recognised that undertaking this type of survey gave rise to a risk that we undertook a survey which produced results not reflective of our normal service levels.

4. Background

4.1 We agreed to delay the in house survey to take into account the wide range of engagement activity ongoing during November and December with staff and customers, including: engagement with Cube tenants on the possible transfer; the rent consultation; rent campaign; and the new operating model. This was then subsequently followed by the formal ballot of Cube tenants in January/February.

5. Discussion

5.1 As we consider our approach to undertaking our customer survey, there have been further developments to take into account, in particular:

- The increase of restrictions in January 2021 and impact on our service;
- Vaccinations have been approved and are rolling out across Scotland;
- There is roadmap towards significant easing of restrictions by the summer; and
- Cube tenants will transfer landlord to us in April through to early summer.

5.2 Taking this into account, it is proposed that we undertake the previously planned in house survey in mid-late summer. By this time, it would be expected that customers will generally be benefiting from significantly eased restrictions. This will mean there will be greater clarity and certainty over how we either already have or plan to remobilise services.

5.3 As the standard tenant satisfaction survey (undertaken by BMG) would ordinarily then take place in August-November, it is proposed that this not be undertaken for 2021 to avoid duplication and survey fatigue. This would also mean next undertaking the independent tenant satisfaction survey in 2022, which remains within the triennial requirement.

5.4 Additionally, given the questions in the tenant satisfaction survey, mandated via the SHR, focus on areas that will only have been recently remobilised the results are likely to not reflect the experience of our actual service delivery model. This inherently limits the value they provide as the contributing factors will have been outwith our control. Additionally, the results would require to be submitted as part of our Annual /Return on the Charter.

5.5 We would adapt the question set to focus less on customers' experience during the pandemic, with the survey becoming more akin to an exit survey and customer insight gathering exercise. It would provide us with the opportunity to collect quantitative and qualitative insight into what has changed for customers as a result of the pandemic.

5.6 The survey was initially envisaged being focussed on the following themes:

- Communication and engagement;
- Customer Experience;
- Accessing services digitally; and
- Remobilisation.

5.7 This approach was reviewed and supported by the Group Scrutiny Panel during its development It is proposed that these themes would broadly cover:

Communication and engagement

5.8 The question set would be deigned to understand the impact the pandemic has had on how customers access our communication and engage. We would ask questions which focussed on seeking insight as to:

- Where customers source their information about our services;
- If/how the pandemic changed the way they access information (i.e more through digital channels);
- If customers do not use digital methods, why not eg lack of suitable device and connection or prefer other methods; and
- What would encourage customers to use digital communication platforms more.

5.9 This would give us actionable insight into what has changed during the pandemic as well as customer feedback to feed into how we implement our strategy in these areas.

Customer Experience and support

5.10 Initially this would have focussed on the impact of the pandemic, including throughout the different stages of the pandemic. As the proposed timescale would be notionally post pandemic it is proposed it focusses on the overall impact of the pandemic.

5.11 It is also proposed that we continue to ask tenants about their awareness of the range of our wraparound services and support available. The list in the question set would be expanded to reflect the reintroduction, ore pending reintroduction, of services such as Home Comforts.

5.12 This would allow us as an opportunity to understand current awareness levels as well as raise awareness and promote our wraparound services and support available. An important element of this will be keeping a record of and following up with customers where we establish they have an interest in or could benefit from our wraparound service or support.

Accessing services digitally

5.13 As with the communication and engagement element, the topic remains pertinent. It is proposed we focus on:

- Establish a baseline in terms of digital access and digital skills;
- Establish where there is no access, the reason why;
- Understand how the pandemic has changed usage and attitudes towards accessing services digitally eg more likely to use; and
- Elicit feedback on attitudes toward and satisfaction with our online services.

5.14 It is proposed that as part of the discussions, where a customer indicated a willingness or desire to access more services digitally this would be recorded and followed up.

Remobilisation and future services

5.15 Whilst the remobilisation element will depend on the positon at the time we would seek to understand what customers would like us to change as a result of the pandemic. This would allow us to garner actionable insight on what our customers feel should be different in future and respond accordingly.

6. Key issues and conclusions

6.1 By moving the survey to mid-late summer, we have an opportunity to gain valuable insight as we move into the early stages of implementing our strategy. We would plan to again engage the Group Scrutiny Panel on the final question set.

6.2 The insight we gain can be fed into a number of areas of our strategy implementation, including:

- Our future online and digital services offering;
- Community Connection Plan;
- Community Academy; and
- Post pandemic training programmes.

6.3 Additionally, depending on timing there is an opportunity for the feedback from the survey to be an early focus for the Customer and Community Voices.

7. Value for money implications

7.1 At a time when the pandemic is, and is expected to continue to, significantly impact our customers not undertaking a costly external survey which will provide limited value represents good value for money.

7.2 The findings from the survey will also provide us with insight for customer priorities, which in turn indicate what may be considered as good value for money.

8. Impact on financial projections

8.1 The proposed approach will be less than the cost associated with the provision of an external survey. This efficiency will be available to redeploy elsewhere as part of the services we drawn down from Wheatley Solutions.

9. Legal, regulatory and charitable implications

9.1 As indicated in the body of the report, we are required to undertake a survey every three years. The proposed approach would allow us to maintain compliance with this requirement.

10. Partnership implications

10.1 There are no partnership implications arising from this report.

11. Implementation and deployment

11.1 A detailed question set will be developed based on the themes set out in the report and we will engage the Group Scrutiny Panel on the content and approach.

12. Equalities impact

12.1 It is proposed that the final question set be subject to an equalities impact review as part of the process.

13. Recommendation

13.1 The Board is asked to agree the proposed approach to our customer survey for 2021/22.

Report

To: GHA Board

By: Ranald Brown, Director of Assurance

Subject: Assurance Update report

Date of Meeting: 26 March 2021

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1. Purpose

1.1. This report provides the Glasgow Housing Association Board (the Board) with an update on the 2020/21 Internal Audit Annual Plan.

2. Authorising context

2.1. Under its Terms of Reference, the Board is responsible for managing and monitoring Glasgow Housing Association's compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support this role of the Board.

3. Risk appetite and assessment

3.1. The Board's agreed risk appetite in relation to Board Governance is "open", meaning that there is appetite to take decisions that might expose us to additional scrutiny, but only where appropriate steps have been taken to minimise any exposure.

4. Background

4.1. In August 2020 and November 2020, the Group Audit Committee approved the Q2 and Q3 Audit Plans for 2020/21, which included completion of the following reviews:

- Gas Safety
- PPE Health & Safety
- Fire Safety
- Arrears management
- NETs PPE
- Wheatley Foundation expenditure
- Cyber security
- Working from home
- Wheatley Care self-assurance consultancy review

4.2. The Internal Audit team has now completed these reviews and details of the findings are set out in the Group Assurance Update report at **Appendix 1**.

5. Executive Summary of Assurance activity

5.1. This section of the report summarises the results of 2020/21 Annual Plan work reported to the Group Audit Committee in November 2020 and February 2021.

Review	Control objectives					
Gas Safety	Green	Green	Green	Green	Green	
PPE Health & Safety	Green	Green	Green	Green	Green	Green
Fire Safety	Green	Yellow	Green	Green		
Arrears Management	Green	Green	Yellow	Green	Green	
NETs PPE	Yellow	Green	Green	Green	Green	
Wheatley Foundation	Yellow	Amber	Yellow	Amber	Green	
Cyber security - Not applicable for this review						
Working from Home - Not applicable for this review						
Wheatley Care self-assurance consultancy review – not applicable.						

6. Value for money implications

6.1. There are no value for money implications arising from this report.

7. Impact on financial projections

7.1. There are no financial implications arising from this report.

8. Legal, regulatory and charitable implications

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

9. Partnership implications

9.1. There are no direct partnership implications identified within this report.

10. Implementation and deployment

10.1. Implementation and deployment of the Plan will be led by the Assurance Team.

11. Equalities impact

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

12. Recommendation

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

List of Appendices

Appendix 1 – Group Assurance Update

Wheatley Group

Making homes and lives better
wheatley-group.com

Group Assurance Update
March 2021

Ranald Brown
Director of Assurance

1. IA Plan 2020/21 Status

Wheatley Group

Status of Reviews

This presentation summarises the results of Internal Audit activity reported to the Group Audit Committee at its November 2020 and February 2021 meetings.

November 2020

Gas Safety
- Section 2

PPE Health & Safety
- Section 3

Fire Safety
- Section 4

February 2021

Arrears Management
- Section 5

NETs PPE
- Section 6

Wheatley Foundation
- Section 7

February 2021

Cyber Security
- Section 8

Working From Home
- Section 9

Wheatley Care Quality Assurance self-assessment
- Section 10

1. IA Plan 2020/21 Status

Control Objective Classification:

Each control objective is assigned a classification based on an assessment of the impact of individual findings within the report, as follows:

Red	Amber	Yellow	Green
• Control objective not achieved. • Control weaknesses identified would have a significant and immediate impact on the risks to achievement of the organisation's objectives.	• Control objective not achieved. • Control weaknesses identified would have a significant impact on the risks to achievement of the organisation's objectives.	• Control objective achieved. • Control weaknesses identified would have some impact on the risks to the achievement of the organisation's objectives.	• Control objective achieved. • Any control weaknesses identified would have limited impact on the risks to the achievement of the organisation's objectives.

2. Gas Safety Review

Report Conclusion

The Group has a legal responsible for ensuring approximately 39,000 annual gas services are undertaken in its properties. To meet this responsibility efficiently and effectively Gas service visits were reintroduced following the COVID-19 lockdown, management amended the existing gas servicing process.

This review found the amended process introduced by the Group's management and teams worked well. They enhanced the previous process, with improved access rates, customer engagement and closer team working amongst gas teams and contractors. At the time of our review in September, there were no overdue Gas Certificates.

We have identified opportunities for improvement which should be incorporated into remobilisation plans and temporary working practices which should be retained and spread across other compliance elements of the Group repairs and maintenance services.

Control Objective Classification

- Gas safety certificates nearing their renewal date are identified and renewal inspections are scheduled;
- Gas safety certificate inspection visits take place as scheduled;
- Any remedial works required are scheduled and completed before expiry of the existing certificate;
- The PIMMS system and gas safety certificates are updated following completion of planned work.
- All stages of the process are completed in compliance with COVID-19 health & safety procedures

2. Gas Safety Review

Areas of Good Practice

- ✓ New temporary gas service procedures were created by the CSC and Repairs teams in collaboration with CBG/Saltire and housing management teams. They were communicated to gas teams to ensure delivery of the Group's gas service legal obligations, and in doing so, help keep the Group's customers safe.
- ✓ The implementation of central teams at CSC, DGHP and DCPS to manage and coordinate outbound calls had a positive impact, with all Subsidiaries reporting improved access rates at first visit, with CBG reporting this reaching 89%, DCPS 95% and Saltire 88%.
- ✓ Real-time management information on status of scheduling of appointments.
- ✓ Use of outbound calls to update customer contact details and preferred method of communication such as email or text messaging.
- ✓ DCPS outbound calls and gas service engineer visits identified customers with potential fuel poverty issues such as capped meters, who were called by housing officers to ascertain if the Group's wrap around services could assist.
- ✓ Real-time monitoring arrangements with escalation of 'gas expiry' due dates to appropriate management teams.
- ✓ Close collaboration between key staff and contractors resulted in the gas services backlog being addressed a month earlier than planned.
- ✓ Senior management at Group/Subsidiaries were provided regular updates and reports on progress of gas servicing during the COVID-19 outbreak.
- ✓ DCPS and DGHP have system-generated reports that reconcile completed gas services and gas certificates.

2. Gas Safety Review

Opportunities to Improve (*management had identified these prior to our review*)

- There is an opportunity to retain the new working practice used for the scheduling of gas servicing during the lockdown, which resulted in improved gas service access rates, and to consider whether it can be extended to all technical compliance service visits.
- Gas service visits and welfare calls helped identify instances of fuel poverty issues such as capped meters. An avenue for capturing this information on Housing Management systems and generating an automatic referrals to Housing Officers for investigation should be considered.
- The spreadsheets used to schedule visits allowed management to capture updated customer information such as contact details and preferred method of contact. This approach should be developed to enhance the accuracy of Housing Management records. The information should also be used to inform future technology investment decisions in relation to customers contact preferences e.g. use of text messaging and emails to schedule appointments.
- Management to develop an automated matching between the completed gas service record and the issued gas certificate uploaded against housing records in the Group's Housing Management system in order to make the current manual reconciliation process more efficient.

3. PPE Health & Safety Review

Wheatley Group

Report Conclusion

The revised PPE processes in place for Care and Emergency Repairs staff are working well. The Group has had no PPE shortages since the start of the COVID-19 pandemic and staff describe feeling safe at work and reassured by the availability and quality of PPE provided for them.

As the Group returns to a full-service model, there are opportunities to ensure the processes in place for PPE remain robust and efficient. In particular, there are opportunities to ensure that:

- PPE supplier relationships remain strong and value for money is obtained;
- purchased PPE stock is sufficient without becoming obsolete or surplus to demand; and
- e-learning completion records provide Management with assurance that all mandatory training has been completed.

Control Objective Classification

- The Group has a central point of knowledge to ensure all new relevant guidance is actioned.
- Procurement arrangements are in place to provide a suitable supply of PPE.
- Staff have confirmed that they have read and understood the Group's COVID-19 health & safety procedures.
- Staff across the Group have access to required PPE at the time it is required.
- Staff use the specified PPE and follow all COVID-19 health & safety procedures
- Management reporting is in place to monitor use and availability of PPE, with prompt action being taken if any issues are reported.

3. PPE Health & Safety Review

Areas of Good Practice

- ✓ Clear roles and responsibilities for identifying and applying PPE guidance across Group.
- ✓ PPE requirements are identified through the completion of risk assessments aligned to specific Group activities.
- ✓ COVID-19 Procedures set out what PPE should be worn by staff and when.
- ✓ Local and central monitoring of the Group's PPE stock takes place weekly to ensure a 16-week supply is maintained.
- ✓ Regular management reporting on the quantities of PPE held across the Group.

3. PPE Health & Safety Review

Opportunities to Improve

- Ensure actions to improve the accuracy and completeness of Care training records are applied across the Group, so that all mandatory Health & Safety e-learning records are complete and available to evidence that staff have received training.
- Risk assess any changes to the Group's PPE management arrangements to ensure the resulting procedures will continue to ensure the required supply of PPE.
- Agree long-term PPE stock management approach to ensure that stock held remains sufficient, without becoming obsolete or surplus to demand, investigating options for digitisation of processes wherever possible.

4. Fire Safety Review

Wheatley Group

Report Conclusion

This review has assessed the progress made towards completing actions arising from the Fire Safety audit in March 2020. There has been limited opportunity to take actions forward since then, due to the business constraints arising from COVID-19. The Wheatley and Subsidiary Boards have been kept updated on the ongoing challenges being faced.

The Group's implementation of a new operating model will allow management to build improvements into existing working practices as services are remobilised.

In particular, management should consider whether the Group should adopt a single-team approach to fire safety management rather than the two-team approach that has previously been the appropriate way to deliver this service.

Control Objective Classification

Green	Changes to legislative requirements to keep the Group's Relevant Premises in order, are monitored and reported to senior management;
Yellow	A process to identify, prioritise and cost any work to meet new legislative requirements is in place;
Green	Data and intelligence from frontline and SFRS teams is recorded and analysed to identify key risk areas, trends and preventative actions;
Green	The Framework to support tenants in mitigating the risk of fire within their homes is actioned, monitored and reported to senior management.

4. Fire Safety Review

Wheatley Group

Areas of Good Practice

- ✓ Mandatory actions from SFRS Operational Assurance Visits (OAV) are captured in PIMMS.
- ✓ Desktop FRA's of relevant premise by Group Health and Safety as interim process to mitigate risk.
- ✓ Monthly outstanding fire actions have continued to be issued to Managers of relevant premise.
- ✓ Environmental and onsite staff undertake robust daily inspections of MSF sites, recording and escalating critical fire repairs and reporting fire incidents to the CSC.
- ✓ W360 NETS Team have removed large volumes of combustible materials from across our communities contributing to fire safety during COVID-19.
- ✓ Fire intelligence data from SFRS and frontline staff has allowed CIPS Fire Safety Officers to target and provide support to 'High Risk' households during COVID-19.
- ✓ Locality Directors/Heads of Housing receive weekly accidental dwelling fire data to allow them to address issues within their areas.
- ✓ All Housing First Customers receive a Fire Safety Package and visit from a Fire Safety Officer.
- ✓ Regular updates to Board throughout the lock-down period to notify Board members about the reduction in service and mitigating actions.

4. Fire Safety Review

Opportunities to Improve

- As part of the remobilisation process and the Group's implementation of a new operating model, there is an opportunity to consider whether the Group should introduce a single-team approach to fire safety across the Group. This would merge the Group Health & Safety team who deal with "relevant premise" (offices, care properties and houses of multiple occupancy) with the fire officers in the CIPS team who deal with customer-facing properties, including multi storey homes. In discussing this recommendation, we were informed that this was already being considered by management.
- The process for monitoring completion of FRA actions should include clear guidance for responsible officers about the escalation of incomplete actions.
- Investigation of whether it is possible to automate updates to PIMMs from iWorld / Astra and other systems for FRA records and actions.

5. Arrears Management Review

Report Conclusion

The processes in place to manage arrears during COVID-19 have been very successful in reducing the initial increase in arrears balances seen in the first lock-down period. There has been regular reporting to the Executive Team and Boards on the current arrears position and the benefit that proactive wrap-around services have brought to customers. Remobilisation plans were reviewed as the first lockdown period progressed and services extended where it was judged safe to do so.

The improvement opportunities we identified relate to completion of mandatory cyber security and data protection training, the rollout of management's planned strengthening of controls over handling customer payment card details and potential future developments of technology in relation to data recording and performance reporting.

Control Objective Classification

Green	The Group's approach to managing rent arrears during COVID-19 has been agreed and communicated with housing and CSC staff and there is regular communication with customers.
Green	Housing and CSC staff proactively contact customers in arrears to provide access to wrap-around services and support appropriate to their needs and circumstances.
Yellow	Staff are trained to process rent payments in line with Group procedures, including compliance with Payment Card Industry (PCI) and Data Protection requirements.
Green	The impact of COVID-19 on the Group's RSL rent arrears position is subject to ongoing monitoring.
Green	Plans for arrears management remobilisation plans are reviewed in line with changing Government advice.

5. Arrears Management Review

Areas of Good Practice

- ✓ The approach to arrears management has been reviewed and updated as part of the phased remobilisation of services during the Covid-19 period, to reflect Scottish Government guidelines e.g. extension of notice period for legal action.
- ✓ New interactive rents toolkit for income collection staff which has been updated to reflect any changes to rent collection procedures as services have been remobilised.
- ✓ Development of a 'Rents' Power BI (a business analytics tool) reporting suite to improve the monitoring and management of rental income and UC for Housing staff and management.
- ✓ Implementation of 'Talk to Us' campaign across RSLs to encourage early engagement of customers who may be having rental payment concerns.
- ✓ Use of multiple mediums such outbound calls, RSL websites, Facebook, bulk text messaging to deliver key rental income and support messages across a broader spectrum of the RSL customers.
- ✓ Implementation of local initiatives to target specific arrears categories such as Dunedin Canmore’s ‘All ears for Arrears', and the use of bulk contact letters at DGHP for failed direct debit customers.
- ✓ Increased transfer of customers in early arrears to the Group’s specialist debt recovery officers (GDRT) and use of CSC/GDRT’s automated dialing system to improve customer contact rates.
- ✓ Regular and detailed performance monitoring and reporting of arrears during COVID-19 from Housing Offices to RSL and Group Boards.

Opportunities to Improve

Priority actions

- Line managers should monitor completion of all mandatory training courses for their staff, including DPA, Cyber Security, and, after they are rolled out, the updated PCI compliance training and training on the new payment handling tools (Call Secure and Call Secure Digital Plus). Until technical developments within MyAcademy enable automated notifications to staff and line managers for all mandatory training, the MyAcademy team should issue regular reports on the current status of mandatory training courses for follow up by line managers.
- Timelines for the completion and rollout of the revised Payment Card Industry (PCI) compliance training and Call Secure/ Call Secure Digital Plus should be agreed and monitored by the Rents Community of Excellence (CoE).
- Once the payment handling tools have been rolled out, Astra/iWorld payment permissions should be minimised so that the Group can demonstrate there is no requirement for PCI compliance.

Continuous improvement actions

- We have identified opportunities to streamline input of customer engagement information across a number of systems eg. Astra/iWorld, manual spreadsheets, and Nexum.
- The work undertaken to develop patch-level PRID reports within PowerBI has been completed by one individual within the UC team. This increases the risk that further development or maintenance of the reports may be curtailed if this individual was unavailable.
- Work to develop Power BI reporting of welfare benefits and fuel advice provided by the Money Advice team should include a unique customer identifier that will allow analysis to demonstrate the benefit of the advice to the Group as well as to customers.

6. NETs PPE Review

Wheatley Group

Report Conclusion

The Neighbourhood Environmental Teams (NETs) have effective procedures in place to confirm whether staff are aware of and complying with the Group's revised PPE and COVID-19 procedures. These include controls over the management and issue of PPE, and regular communication with staff.

We noted opportunities to strengthen existing monitoring and reporting of mandatory training completion rates and stock management procedures.

We also found an opportunity to review and streamline COVID-19 / PPE sign-off procedures with a view to retaining the existing high level of control while making the process more efficient.

Control Objective Classification

Yellow	NETs staff have confirmed that they have read and understood the Group's COVID-19 Health & Safety procedures and completed mandatory training.
Green	NETs staff have access to required PPE at the time it is required.
Green	NETs staff use the specified PPE and follow all COVID-19 Health & Safety procedures, including procedures related to fleet travel.
Green	The NETs operating environment is designed to enable staff to comply with Group Health & Safety procedures.
Green	Local management reporting is in place to monitor use and availability of PPE within the NETs service, with prompt action being taken and lessons learned if any issues are identified.

6. NETs PPE Review

Areas of Good Practice

- ✓ Group H&S completed re-assurance visits including visits to NETs sites, which found 'high level of compliance in the provision and working of PPE arrangement' and 'no deficiencies in the PPE stock or supply of NETs PPE'.
- ✓ H&S and PPE training information was presented to staff by management to ensure awareness, prior to staff completing online training modules.
- ✓ Induction training has been developed to train new staff and staff returning from furlough about the PPE processes in place.
- ✓ Toolbox talks are used to discuss updated COVID-19 procedures, with weekly emails issued to all NETs staff as a reminder of what was covered.
- ✓ Daily site and weekly checklists include requirements for staff to confirm they have had access to the correct PPE and it is in good working condition.
- ✓ Visual signage has been added to vehicles to advise staff 'they must wear face masks in this vehicle'.
- ✓ Staggered shift start and break times are in place, with staff rostered to work with the same colleagues, vehicles and equipment as far as possible.
- ✓ Stock replenishment arrangements are in place to ensure each team has the PPE required.

6. NETs PPE Review

Wheatley Group

Opportunities to Improve

Priority actions

- My Academy training records must provide management with an accurate overview of all NETs staff training completions.
- Management must ensure all staff have completed mandatory online Coronavirus awareness and Health and Safety courses.

Continuous improvement actions

- Stock management arrangements should include review of PPE use at a team level to identify any unusual use.
- The design and content of staff sign-off sheets should be reviewed to ensure these provide robust, but efficient, control.
- Monthly vehicle checks should confirm that daily vehicle checks are being completed and include COVID cleaning and sanitising checks.

7. Wheatley Foundation Expenditure Review

Report Conclusion

Following a very significant expansion of the expenditure through the Group's Eatwell service and Emergency Response Fund (ERF) during the COVID-19 crisis, Wheatley Foundation management requested an internal audit review of the process used to record and monitor the charitable expenditure.

We noted that the volume of transactions through the ERF was considerably larger than in previous years. This was because the fund was used to support customers at this challenging time, when other support services (e.g. HomeComforts) were not able to provide a service. In addition, many members of the Foundation team were furloughed, meaning that some control processes were suspended in order to prioritise processing of requests for support. As a result, we were unable to confirm the validity of all transactions. However, we found no evidence of fraud or misappropriation during our review. Further details of the ERF expenditure analysis are shown at Appendix 1.

As the Foundation adopts working from home as standard and staff return from furlough, additional control processes should be reinstated, including a review of the ERF criteria, use of vouchers wherever possible to reduce use of purchase cards, development of current expenditure records to facilitate management checks, more detailed reporting and to make it easier to demonstrate value for money. The Group's purchase card procedures should also be followed for all future transactions.

Control Objective Classification

Yellow	All COVID-19 related emergency expenditure is for an identified need and subject to appropriate approval
Amber	Card payments are subject to regular review to ensure all expenditure is authorised and accurately accounted for
Yellow	Payment card holders and arrangements for future purchasing activity are aligned to expected business need
Amber	Expenditure is regularly monitored to ensure compliance with Group procurement requirements and the delivery of value for money
Green	Terms and conditions of external funding received in relation to the Group's COVID-19 response are complied with

7. Wheatley Foundation Expenditure Review

Wheatley Group

Areas of Good Practice

- ✓ The ERF provided £308,552 of support to customers during the period from 26 March to 10 November 2020. This directly supported the individual needs of 2,339 customers, as well as funding wider requests to support groups of customers through the improvement of shared spaces and provision of wellbeing resources.
- ✓ The Foundation Team's funding focus, from the outset of the pandemic, has been to identify and secure funding to support the Group's Covid-19 response. By November 2020 the Team had identified and secured funding of over £1.8m from external parties through grants and donations.
- ✓ A monitoring spreadsheet is in place to record all Emergency Fund request applications.
- ✓ The Foundation Manager is working with Procurement to secure best value for money from suppliers.
- ✓ Vouchers will be used in future to reduce the level of emergency purchases, streamline the purchasing and delivery process and obtain the advantages of bulk buying where possible.
- ✓ The Foundation Board has received regular updates on the external funding position, including donations and grants received.
- ✓ Monitoring reports have been submitted to the Scottish Government to report on the use of the four Wellbeing fund grants received, which totalled £330,000. Management informed us that all monitoring reports were accepted by the fund delivery partners on behalf of Scottish Government, with no requests received for follow-up information or clarification.

7. Wheatley Foundation Expenditure Review

Opportunities to Improve

All expenditure – priority actions

- The monitoring spreadsheet used by the Foundation to track receipt and fulfillment of ERF requests should be revised to include additional fields and reduce free-text, improving the accuracy and consistency of data recorded and enabling smarter reporting and reconciliation of data.

All expenditure – continuous improvement actions

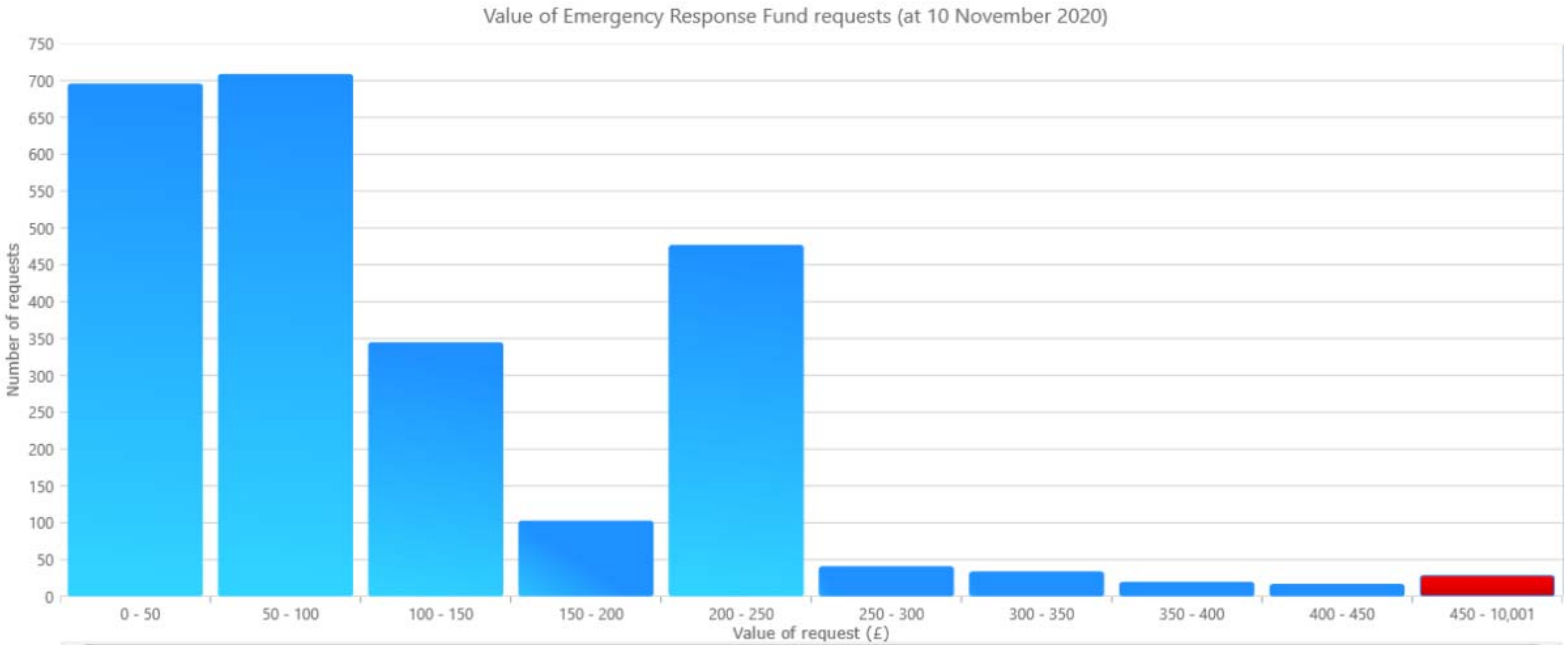
- The ERF criteria should be reviewed to confirm they remain appropriate. Once reviewed, the ERF request form should be updated to include the criteria and links to alternative support offered by the Group (e.g. Home Comforts).
- Purchasing decisions should be documented to enable staff to demonstrate that Value for Money was obtained when spending grants and donations, particularly where goods are difficult to source or unavailable from suppliers when needed.

Purchase card expenditure – priority actions

- The Foundation team should apply for new purchase cards for each team member who may require to use one. When new cards are issued, the team should ensure Group purchase card procedures are followed, including the retention of all receipts in a virtual environment, and monthly receipting of transactions listed on the SDOL online banking portal.
- The Transactions services team should work with Procurement and Finance to review Group purchase card procedures, including agreeing arrangements for monitoring overall spend with individual suppliers.

7. Wheatley Foundation Appendix 1 – ERF expenditure

Between 26 March and 10 November 2020, the Foundation Team processed 2,626 Emergency Response Fund requests with a total value of £308,552. We used IDEA to analyse these requests and confirmed that the majority were within the fund's maximum suggested spend value (around £100 per household, with flexibility according to individual circumstances).

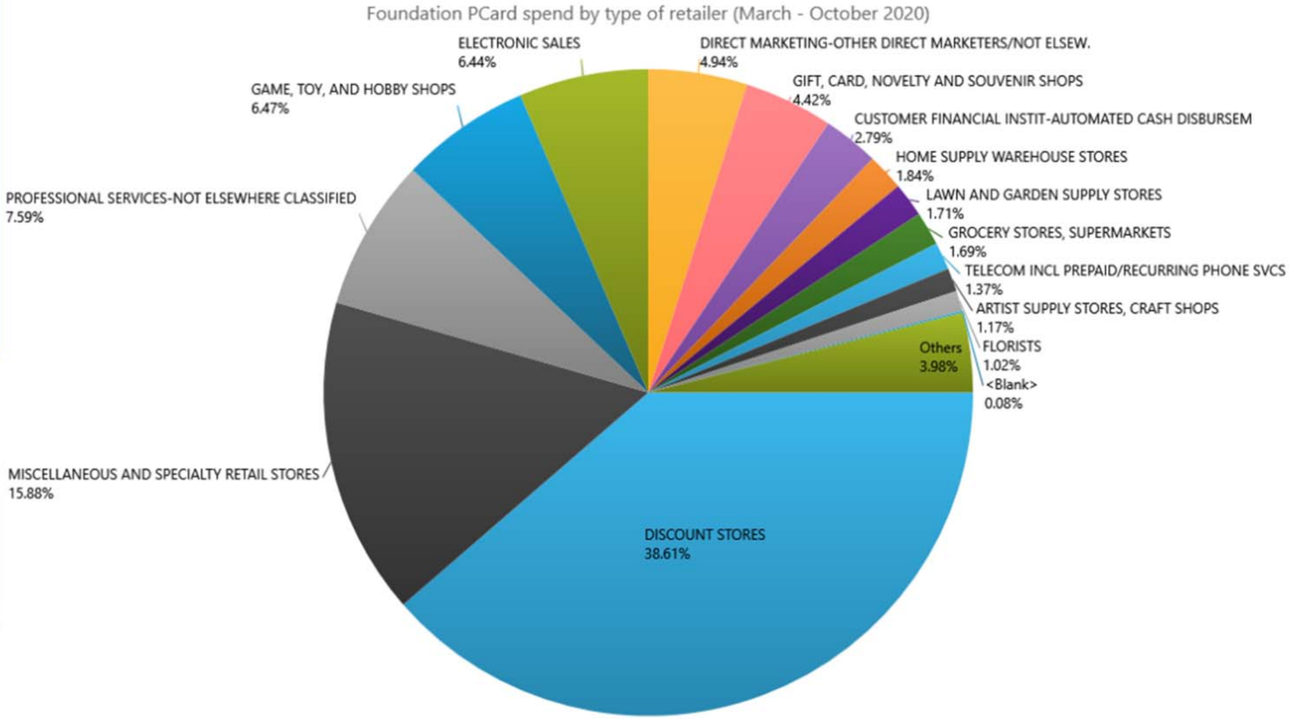


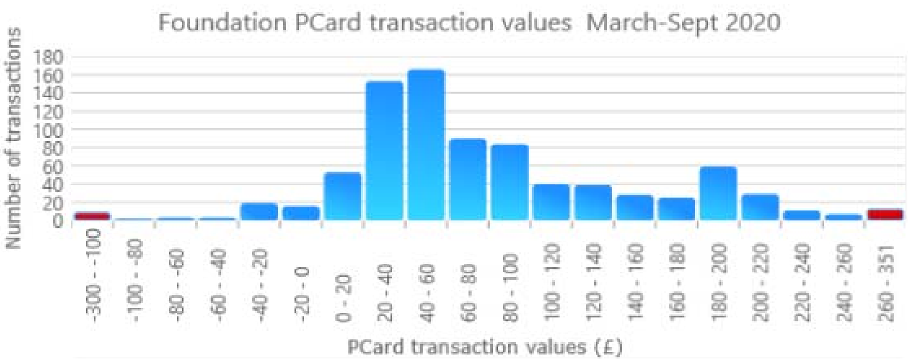
Higher value requests primarily relate to the supply of white goods and essential homeware items (normally available through the Group's Home Comforts service), or items purchased for the benefit of multiple customers, including:

- *activity packs for children and sheltered housing customers;*
- *bulk purchase of shopping vouchers*
- *improvements to outdoor spaces within residential facilities to promote wellbeing and enable social distancing.*

7. Wheatley Foundation Appendix 1 – ERF Purchase cards

Between March and September 2020, £67,888 was spent on the Foundation Purchase Cards in 849 transactions. We used IDEA to analyse these transactions and confirmed that all were for low level expenditure. Over 50% of total spend was incurred within the Merchant Category Codes 'Discount Stores' or 'Miscellaneous and Speciality Retail Stores'. These include Argos, Amazon and Tesco, which is what we expected to see based on the Foundation team's records of Emergency Response Fund purchases.





Note : The small number of negative transaction values in the graph are due to refunds from suppliers.

8. Cyber Security Review

Report Conclusion

In July 2020, Internal Audit performed a high-level review over the cyber security control environment as managed by the IT team. The scope of the work was restricted to the cyber security control environment over services provisioned to Wheatley Group staff by the IT function. The resulting report concluded that "*IT security over the systems and services that the IT function is responsible for is well established and, as described by management, reflects good practice in many respects. Cyber Security is an organisation wide challenge, and it is important that processes exist to ensure that cyber security risks are being managed across the enterprise, and specifically beyond the areas for which IT is operationally responsible*." This current report focussed on the cyber security arrangements in place over Software as a System (SAAS) solutions which are not provisioned by the IT function. This included the Payroll, MyHousing and AllPay systems, applying where possible the same framework of control objectives used in the July review.

Today, more organisations rely on third parties to provide services and systems to support their critical processes. This means that indirect attacks via third parties can be a major source of cyber risk. This has been demonstrated by the recent attack on Solar Winds, which put 18,000 government and corporate clients at risk of exposure, and the attack on Blackbaud, which affected 166 UK organisations including universities, health-related charities, schools and trusts. It is therefore important to improve cyber resilience by taking steps to incorporate security controls into third party risk management processes. It is also important that staff involved in the management of third parties have a good awareness of cyber risks.

While Wheatley Group do currently have a process in place to assess the cyber risk of vendors prior to procurement, this process has not been completed for suppliers procured prior to 2018 and the risk of these suppliers has not been monitored regularly to ensure that they continue to meet business risk tolerance levels. Annual cyber security training is currently underway and management should continue to monitor completion of this mandatory training.

8. Cyber Security Review

Areas of Good Practice

- ✓ Group IT has created a Vendor Security Assessment (VSA) Framework to assess the security of Wheatley suppliers. The assessment covers appropriate risk areas, and the level of assessment is dependent upon perceived supplier risk to allow prioritisation and efficient use of resources.
- ✓ Contracts with suppliers include data protection breach reporting clauses.
- ✓ IT incorporate penetration testing of SaaS solutions into their annual test plan where the Group has the authority to conduct them. For example, MyHousing is included within the annual test plan.
- ✓ A Group IT Cloud Services Policy is in place which provides direction for Business Owners in assessing the benefits of cloud services against the risks of data breaches, data loss and account hijacking.
- ✓ Group IT have sought assurance from vendors using a variety of methods. In particular, a high level VSA review was completed for AllPay in 2019 which documented the controls AllPay had in place. An older template approach was used for MyHousing in 2017/18 as the VSA was in draft format. The older template covered over 40 security questions and security design assessment was conducted with the NCC group during the project.

8. Cyber Security Review

Opportunities to Improve

Priority actions

- VSAs have not been completed for suppliers procured prior to 2018, as the VSA process was implemented across 2017/18. For example, the Payroll system has not been through this process. We were advised that efforts were made to conduct a VSA for the Payroll system but that this was not completed due to a lack of engagement from Access Group during 2018/19.
- The VSA is a process that requires input and expertise from IT and from Business System Owners. However, although documentation clearly details roles and responsibilities there is lack of consistency in the understanding of the respective roles by Business System Owners.
- Monitor completion rates for cyber security training.

Continuous improvement actions

- A security assessment is undertaken at time of procurement however regular supplier risk reviews are not undertaken after this.
- There is a lack of business documentation of the users who should have access to the system and the level of access they should have.
- Business Owners have a lack of clarity as to whom incidents should be escalated to across key areas such as Computer Security Incident Response Policy and the Data Breach Policy.

9. Working from Home Review

Report Conclusion

Wheatley Group has been planning to move to a Working From Home (WFH) operational model since before the COVID-19 pandemic started last year. However emergency procedures were put in place to respond to the pandemic, allowing staff to work from home temporarily. This review considered the planned actions to establish new arrangements for a long-term blended working from home model. We acknowledge that at the time of our review, a staff consultation on the proposed operating model was in progress.

We found that key decisions have yet to be made on Group wide policies and procedures for the change to working from home, including factors such as expense policy and insurance policy for both agile and homeworkers.

We acknowledge that this has been a fast-paced activity, and management was in the process of working on solutions to many of the issues identified to us. We recommend that the Executive Team should continue to coordinate work across Group departments and make decisions on the working from home environment in line with Scottish Government guidance so that decisions requiring cross-organisational input can be agreed prior to creating a working from home policy and updating departmental policies and procedures.

9. Working from Home Review

Areas of Good Practice

- ✓ IT conducted a user survey in March / April to understand individual users' needs. This considered if staff had access to a personal device they could work from and if they had access to the internet at home. The output of the survey was used to roll out hardware to staff who needed it.
- ✓ A process is in place to allow staff to request hardware as their needs change.
- ✓ There is a configuration baseline which all corporately owned devices are aligned to prior to deployment.
- ✓ Technical measures are in place to allow the secure connection of both corporate and staff owned devices to the Group network i.e., through using a virtual desktop infrastructure (VDI).
- ✓ Mobile device management (MDM) tools are used to track and roll out security updates to mobile devices.
- ✓ Consideration has been given to Health and Safety impacts of working from home i.e., the Health and Safety team are in the process of piloting a Lone Working Solution and are looking at implementing an electronic incident reporting tool.

9. Working from Home Review

Opportunities to Improve

Priority actions

- Introduce additional coordination of work across Group departments to facilitate decision-making in matters such as employee wellbeing; Health & Safety; communication and engagement; employees' expectations; equipment and IT systems; and pay, expenses and finances.
- Creation and documentation of a Bring Your Own Device (BYOD) policy to ensure that all staff have the same access and ease of use of corporate tools such as Microsoft Teams.
- Update of existing policies and procedures across the Group to reflect the new blended homeworking approach.

Continuous improvement actions

- Introduction of general role profile-based IT user entitlement to control the roll out of hardware.

10. Wheatley Care Quality Assurance Self-assessment

Wheatley Group

Wheatley Care is developing a self-assessment process to demonstrate compliance with the Care Inspectorate's revised quality frameworks. We are working with management to provide advice on the design of the process and assess the application of the process in pilot sites, and to identify any required improvements before the process is rolled out to all registered Care services.

Care responsibilities

- Develop a self-assessment process to demonstrate compliance across all areas of appropriate Care Inspectorate quality frameworks.
- Collect feedback on the devised self-assessment process during pilot stage.
- Conduct self-assessment annually to ensure continued compliance with Care Inspectorate quality frameworks.
- Required actions/lessons learned as a result of self-assessment process are captured and monitored.

IA responsibilities

- Review the self-assessment process being developed by Care Management to demonstrate compliance with the appropriate Care Inspectorate quality frameworks.
- Provide advice on the design of the process and assess the application of the process in pilot sites.
- Work with management to identify any required improvements before process is rolled out to all registered Care services.

Current status and next steps:

✓ The Care Services Innovation and Improvement Manager has developed a draft Framework, which identifies controls currently operating across Wheatley Care to monitor performance and quality. This has been mapped to Care Inspectorate quality criteria. We have reviewed the draft Framework and discussed opportunities for further development of the Framework with the Care Services Innovation and Improvement Manager, who has implemented our suggestions.

➢ The draft Framework will be piloted with a small number of Care services and amended in light of feedback arising from the pilot. We will also review the results of the pilot and discuss any further improvement opportunities identified.

➢ The framework will be rolled-out across all registered Care services for 2021/22.

Wheatley
Group

GHA

Report

To: GHA Board

By: Ranald Brown, Director of Assurance

Subject: Internal Audit Approach and Plan 2020/21

Date of Meeting: 26 March 2021

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1. Purpose

1.1. This report provides an update for the Glasgow Housing Association Board (the Board) on the Internal Audit approach within the Group's new operating model, and the approved internal audit plan for period to May 2021.

2. Authorising context

2.1. In accordance with the Group Authorising Framework, the Board is responsible for managing and monitoring Glasgow Housing Association's compliance arrangements and operational performance. The activities undertaken by the Assurance team provide the Board with independent assurance to support this role of the Board.

3. Risk appetite and assessment

3.1. The Board's agreed risk appetite in relation to Board Governance is "open", meaning that there is appetite to take decisions that might expose us to additional scrutiny, but only where appropriate steps have been taken to minimise any exposure.

4. Discussion

4.1. Since the Internal Audit team resumed its activities in September 2020, we have reviewed and refined our internal audit approach in light of the new operating model. Proposed changes to the approach were presented to the Group Audit Committee.

4.2. In addition, we have reviewed the key risks within the Group's risk registers and met with Directors from across the group to discuss planned activities within their remit. Following this exercise, we identified proposed reviews for the period from February to May 2021.

4.3. The Group Audit Committee approved both proposals at its meeting in February 2021, further detail of which are set out in **Appendix 1**.

4.4. We have also reviewed and updated the Internal Audit Charter, which was approved by the Group Audit Committee in February 2021. Key changes from previous version relate to:

a) Updates to reflect changes to the IA approach, such as the move from annual to quarterly planning;

b) A refreshed description of the Head of Internal Audit's remit and independence considerations; and

c) Inclusion of the Institute of Internal Auditor's new Three Lines model.

The full Charter is attached at Appendix 2 for information.

5. Value for money implications

5.1. There are no value for money implications arising directly from this report.

6. Impact on financial projections

6.1. There are no financial implications arising directly from this report.

7. Legal, regulatory and charitable implications

7.1. There are no legal, regulatory or charitable implications arising directly from this report.

8. Partnership implications

8.1. There are no direct partnership implications identified within this report.

9. Implementation and deployment

9.1. Implementation and deployment of the Plan will be led by the Assurance Team.

10. Equalities impact

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

11. Recommendation

11.1. The Board is asked to note the content of this report.

List of Appendices

Appendix 1 – Internal Audit approach and rolling 3-month plan 2020/21
Appendix 2 – Internal Audit Charter

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Internal Audit approach and rolling 3- month plan

March 2021

Ranald Brown
Director of Assurance

Section 1: Revised Internal Audit Approach

Revised Internal Audit Approach

Wheatley Group

In developing our revised Internal Audit Approach, we have reviewed guidance and improvement documents available from across the internal audit sector, as well as considering how best to build on our previous development of the IA approach. We have identified the following “building blocks” for our new approach, the most fundamental of which is looking for opportunities to promote the Group’s Values in everything we do.

Promoting the Group’s Values

Agile approach	Collaborative working	Risk Review	Advisory focused
Data analytics	Reporting	3 Lines Model	IIA Standards

Promoting the Group's Values

Wheatley Group

Wheatley Group Values:

Excellence

- We raise the bar in everything we do

Community

- People direct what we do and together we build strong communities

Ambition

- We push the boundaries in new ways, so everyone can fulfill their potential

Trust

- We inspire customers and staff to shape the future

Internal Audit Approach:

Excellence

- We look for improvement opportunities in every review, both in our processes and the processes under review

Community

- We work collaboratively with Boards and colleagues to identify risks and support them in managing those risks effectively.

Ambition

- We challenge each member of the Internal Audit team to develop their skills to add value to the service we offer

Trust

- We work with Boards and colleagues to create trust, a culture of sharing views and an acceptance of constructive criticism

Agile Approach

The Group's new operating model includes blended home, office and community working approaches that provide an opportunity to further embed our agile approach. The IA Team will be agile home-workers, with a flexible approach that will allow us to work in a way that best suits our colleagues when completing reviews; as summarised below.

Meetings – by video-conference as default / Face-to-face at hub office / community setting where required	Testing – Collect evidence electronically as standard. Attend hub offices/ community settings where required.
Schedule time to meet with colleagues, taking account of newly flexible working patterns.	Schedule time to attend facilities – in person or with VC facilities – taking account of flexible working patterns

To maintain our compliance with IIA standards when testing controls, we will use a new "***show us***" approach. This will help colleagues to provide evidence that demonstrates controls are operating in practice. When virtual meeting are not possible, we will arrange meetings at a local hub (socially distanced, if required).

Understand process and expected controls

↓

Meet with colleagues virtually or at local hub

↓

"Walk Through" process – demonstrate using shared screen

↓

"Show us" documents used – send links via SharePoint / Teams

↓

Test documents provided to confirm we agree with reported results

↓

Conclude on operation of controls

Collaborative working

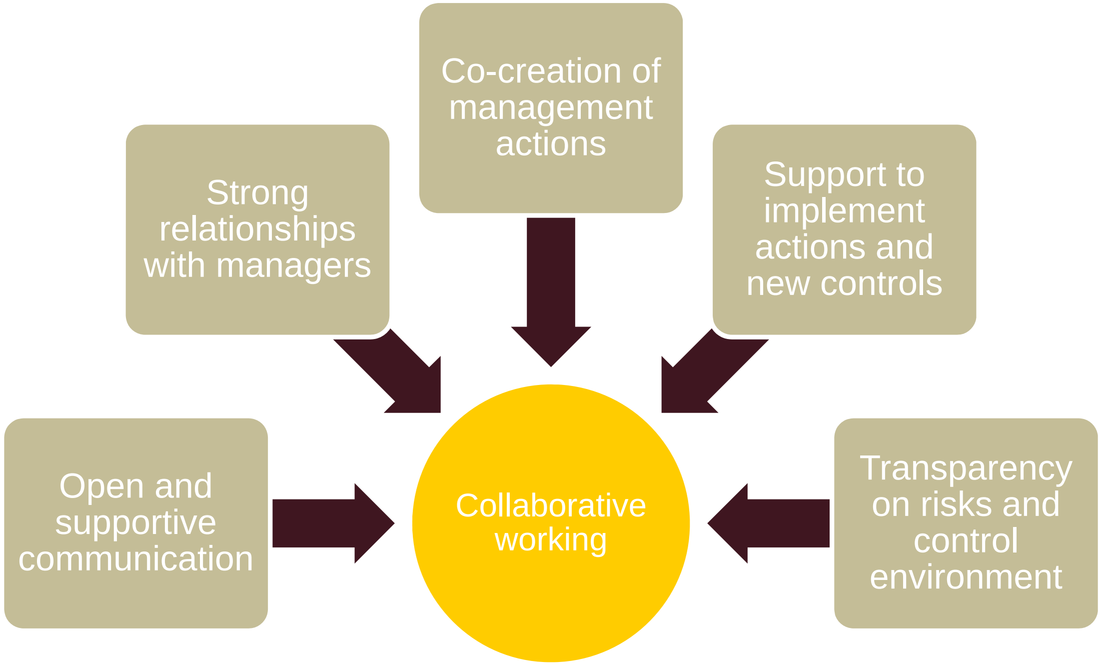
Fostering trust and open communications will drive progress

To be successful, internal audit functions must work closely with management to develop trusting relationships that contribute to a culture of sharing views, and an acceptance of constructive criticism.

In order to maintain these strong relationships, all members of the IA team have key contacts across the Group. We will continue to schedule regular meetings with senior managers to discuss:

- emerging risks;
- planned changes to the local control environment;
- ad hoc advice on process improvements; and
- formal advisory reviews to support continuous development across the Group.

These meetings are even more important with more remote working so that we can be closer to what is happening in the Group.



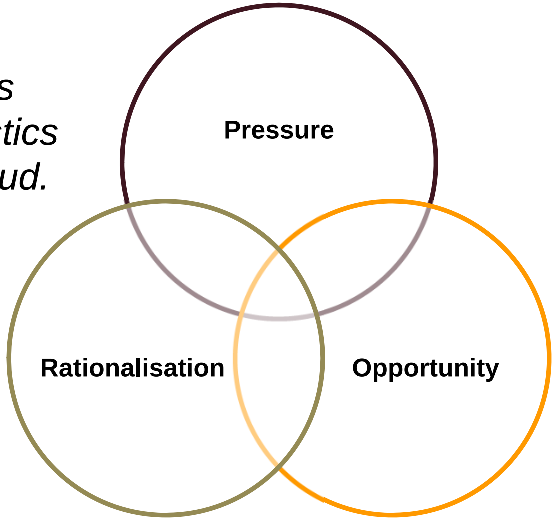
Risk and Fraud Review

We will meet regularly with management to discuss key risks within their area and to understand where Assurance can provide support in developing or assessing the controls in place to manage those risks.

Fraud Triangle

In addition to the ongoing review of potential opportunities of fraud within the new operating model, we will complete an annual review of key areas of fraud risk across the Group. These reviews will give consideration to any changes in the fraud triangle.

The diagram shows the key characteristics associated with fraud.



Key risk areas

We will continue to horizon-scan for additional areas of risk, through networking with other internal audit functions and monitoring housing sector risk information to identify emerging areas of risk.

- Cyber Security
- Regulatory change and compliance
- Digitalisation, new technology and AI
- Financial, capital and liquidity risk
- Employee resources and talent management
- Disasters and crisis response
- Economic and political uncertainty
- Supply chain disruption and vendor solvency
- Bribery, fraud and other financial crime
- Climate change and environmental sustainability

Refocusing IA activity to advisory work

Wheatley Group

In October 2020, Deloitte published the results of a *Global Survey of Audit Committee Chairs*, which captured views of how internal audit functions should perform post COVID. A clear message in the report was the view that "**internal audit must move the needle toward more advisory work".**

The Wheatley Group Internal Audit team has already started on this journey and will continue to complete more advisory reviews in the next year. Additional steps to increase advisory activities will include:

•Setting up regular meetings with Directors and key contacts for open discussion of emerging risks, issues, and opportunities.

•Spreading good practices and insights

•Getting involved in transformation projects and helping assist in control design

"… our IA function is immediately looked to as a problem solver rather than a nuisance and something to be avoided."

Deloitte "Global Audit Committee survey"
Published October 2020

We want to further strengthen our reputation across the Group as a problem solver. Current examples of where we have provided assistance include:

- *the Wheatley Foundation review, which was completed at the request of management, and*
- *the assistance we are providing Wheatley Care in the design of the new Care Quality Assurance self-assessment process.*

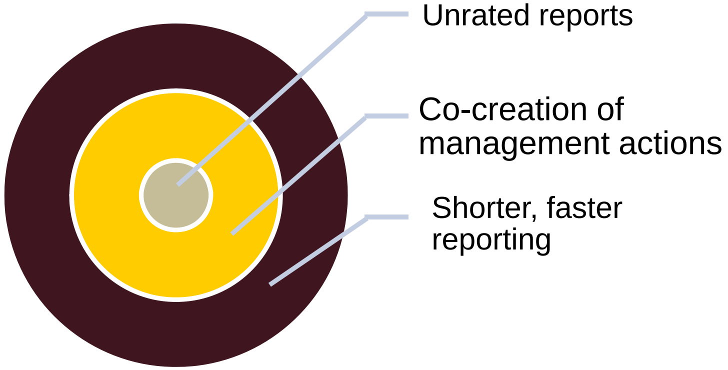
Embedding Data Analytics

There are three strands of data analytics activity that we will embed during 2021/22:

Second Line monitoring support	• Work with management to develop and run IDEA scripts for management follow up • e.g. combining reports from different business areas such as finance and procurement to identify suppliers over procurement thresholds
Continuous Auditing	• Use of IDEA to run test scripts on a regular basis to identify exceptions • Development of expenses, purchase card and payroll exception reports initially
Audit testing	• Where applicable, use of IDEA to test full data sets e.g. payroll, training course completions • All standard audits to consider availability of data at planning stage

Reporting

The Internal Audit team trialled a revised approach to reporting during 2020/21, with unrated reports containing future-focused actions that were created through discussion with the lead contacts during the review.



"Unrated work offers several advantages, e.g., allowing teams to issue reports more quickly. The absence of ratings refocuses the discussion around outcomes—how things get fixed rather than who is to blame. It's amazing what organisations can achieve if they don't punish people for learning!"

Deloitte "Global Audit Committee survey" Published October 2020

We have had a positive response from management, both in terms of the level of engagement, the tone of the conversation and the speed with which reports were finalised. The reporting was also facilitated by holding regular meetings with key contacts throughout the review to keep them informed of progress and to discuss emerging findings.

The quote from Deloitte's 2020 global survey of audit committee chairs provides comfort that unrated reporting is used positively by other IA functions and we therefore propose to make this a permanent change.

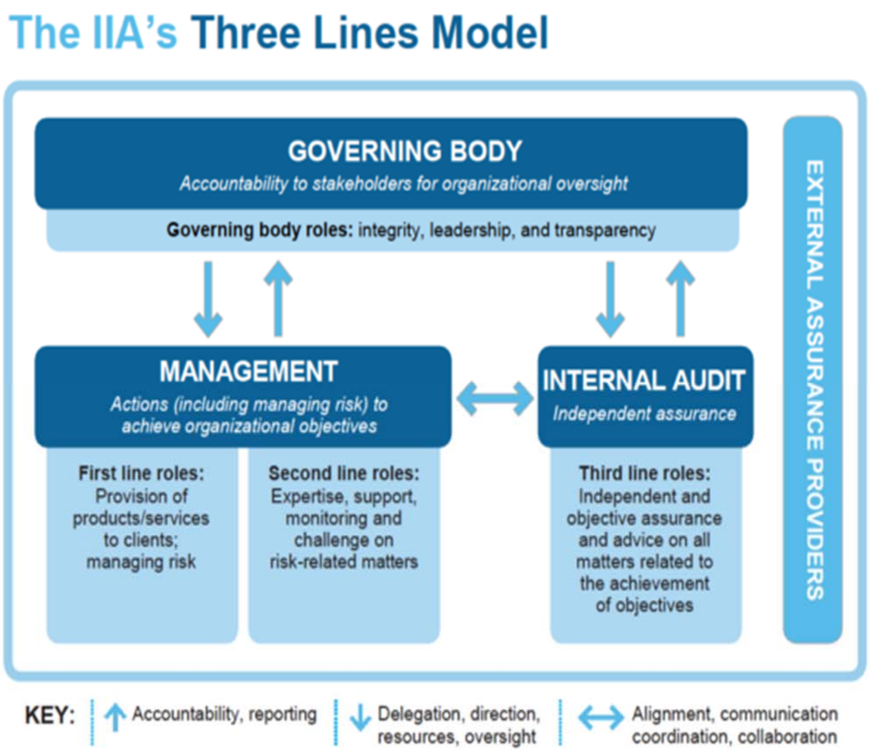
The Global IIA's updated "Three Lines Model"

The "Global Institute of Internal Auditors" has recently revised its "Three Lines Model" (shown opposite).

The updated Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.

We will embed this approach in all of our work by supporting First Line roles to manage risks through design and operation of effective controls and supporting the Second Line roles to effectively monitor and report on the activities of the First Line.

We have incorporated this updated model in our revised Audit Charter.



IIA Standards

The revised IA approach will continue to conform to IIA Standards. A key part of this is our Quality Assurance process, as described below:

Internal Assessments

The internal quality assurance process comprises

Ongoing monitoring	Annual self-assessment
• Day-to-day supervision and review of IA team's work • Key Performance Indicators (KPIs) monitoring and reporting	• Completed using guidance issued by the Chartered Institute of Internal Auditors • Results reported within the Annual Report and Opinion

External Assessments

The Standards require that an external assessment is completed at least once every five years.

The Wheatley Group Audit Committee previously agreed that the Internal Audit function should be subject to an External Quality Assessment (EQA) every three years. In order to allow embedding of the new IA approach over the course of a full financial year, the Group Audit Committee approved extending the period to four years and then revert back to every three years.

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2020 and the exercise will be repeated in September 2021.

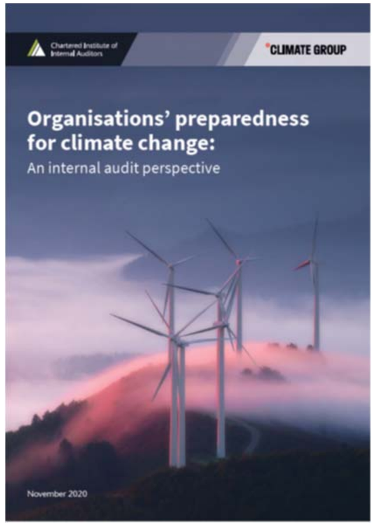
Section 2:
Rolling 3-month Internal Audit Plan 2020-21

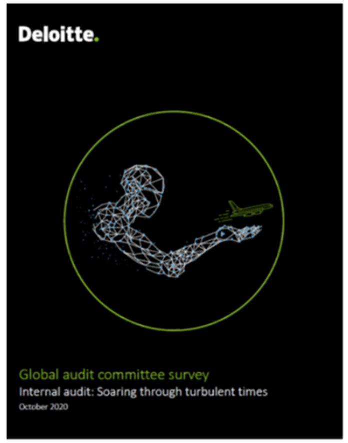
Development of a risk-based internal audit plan

In preparing a plan for the next three-month period, we have considered:

- the risks within the Group's Strategic Risk Register;
- wider risk categories identified by other internal audit functions;
- areas in which fraud risk may have increased;
- emerging risks and good practice identified through IA team attendance at IA sector technical briefings and training events (examples shown opposite);
- the status of remobilisation plans across the Group; and
- areas of the business that have been or will be subject to organisational change as the new operating model is implemented.

The next slides show the approved reviews for the remaining period of 2020/21.





IA Plan 2020/21 next 3 months

Planned reviews

The table below sets out the advisory reviews to be reported to Group Audit Committee in May 2021.

Review	*Proposed scope*
Allocations	We will review Allocations process developed during the COVID lockdown and assess plans for development of a post-COVID process for the new operating model.
Wheatley Care Quality Assurance self-assessment	We will continue to provide Wheatley Care with consultancy advice on development and roll-out of the new self-assessment process for demonstrating compliance the Care Inspectorate's Quality Assurance Framework.
Business Continuity Plans	We will review the Group's Business Continuity Plans to determine whether they are in line with current guidance. This will include consideration of the extent to which plans address matters such as supply chain threats, vendor solvency and key IT systems, and identifying areas in which additional business continuity activity may be required in order to return to full service delivery.
DGHP Transformation Programme	We will review the current status of the programme, taking cognisance of any impact COVID-19 has on the delivery of the individual projects and timelines for the full integration of DGHP into the Group. Where projects have been implemented, we will review the processes in place to monitor the success of the delivery of these projects.

IA Plan 2020/21 Status next 3 months

Planned reviews (continued)

Review	***Proposed scope***
Technology Road Map and Digital Strategy Delivery (to be completed by Azets)	A high-level assessment of the controls in place within the Group for development and implementation of a coherent enterprise architecture and technology platform that is capable of providing the enabling infrastructure to support delivery of the digital elements of the Group's new 2021-26 Strategy. This will include a review of the status of DGHP's integration with Group Systems.
Data analytics	Ongoing payroll review / ongoing group-wide purchase card review / expenses / completeness of mandatory training records.
Follow-Up review	We will review the status of all open actions, including those brought forward from 2019/20, to determine whether they remain relevant under the new operating model. We will agree revised timescales for completion of these actions, where they remain relevant and ask for evidence to support closure of any actions that have been completed.
Risk Management	We will work with management across the Group to update risk registers for risks associated with the delivery of the new Group and Subsidiary Strategies.

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Group Internal Audit Charter

March 2021

Approved by Group Audit Committee on 26/02/2021

Ranald Brown
Director of Assurance

Mission and Objectives

Wheatley Group

Group Internal Audit Mission Statement

Internal Audit will enhance and protect the Wheatley Group by providing independent, risk based, and objective assurance and advice.

Objectives:

1. To provide independent, objective assurance and advice to Senior Management and the Group Audit Committee on the adequacy and effectiveness of Group and Subsidiary processes for risk management, governance, and internal controls.
2. To add value to the Group through consultancy advice to management during the course of process redesign or implementation.

Review and Approval

This Audit Charter will be reviewed at least every three years and the results of these reviews, including any proposed changes, will be presented to the Group Audit Committee for approval.

Role and Scope of Work

The Internal Audit team will achieve its objectives by:

- assessing the adequacy and effectiveness of the system of risk management and internal controls operated within the organisation;
- reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- assessing the reliability and integrity of information; and
- safeguarding of assets.

The work of the Internal Audit team will cover processes operated at Group and Subsidiary level, and be delivered through audits, advisory reviews, and consultancy activities. Where new partners join the Group, the Internal Audit team's remit will be extended to cover the new partner organisation.

Group Governance Framework and IPPF

International Professional Practices Framework (IPPF)

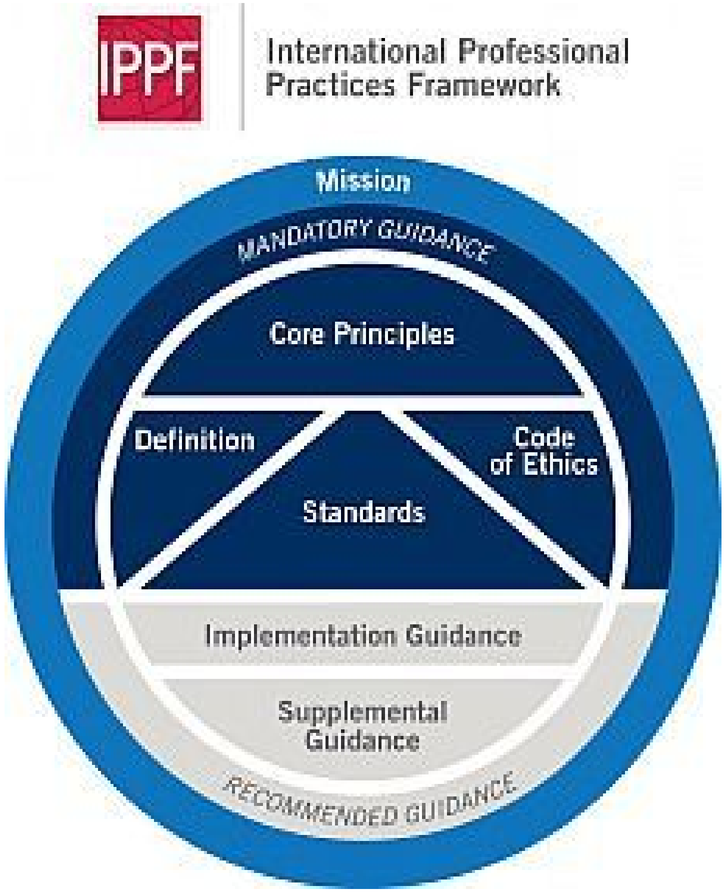
The Assurance Team will govern itself through adherence to The Chartered Institute of Internal Auditors' IPPF, which includes mandatory guidance on:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing (the Standards).

This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Group Governance Framework

As part of our work, the Assurance Team will adhere to Group's Governance Framework, which includes Group and Subsidiary policies, Standing Orders and Scheme of Delegation, Financial Regulations and Code of Conduct.



Independence

Internal Audit Independence

The Internal Audit team reviews independence as follows:

- Each member of the Internal Audit team is required to confirm their independence in writing annually; and
- The Director of Assurance's independence is reviewed annually by the Group Audit Committee.

The results of the independence review are reported in the Annual Internal Audit Report.

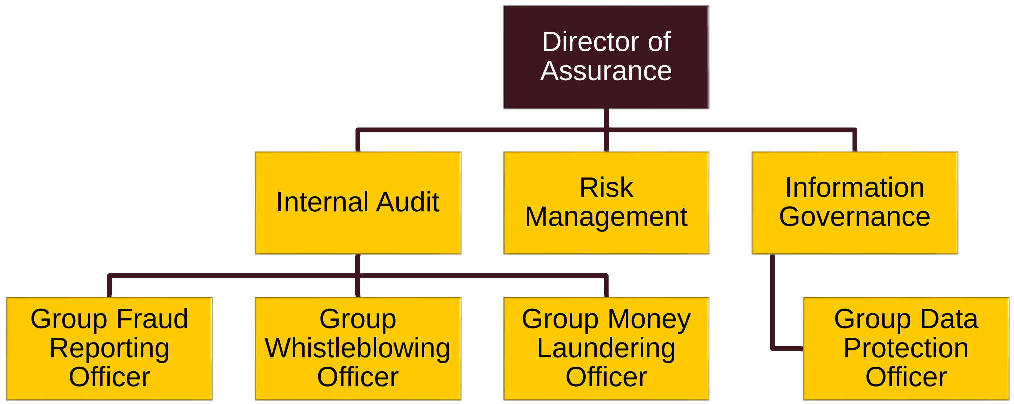
If a potential conflict of interest occurs, the procedure will be:

- For an assurance team member, an alternative team member will complete the task; and
- For the Director of Assurance, the Head of Assurance will act as Head of Internal Audit for the review, reporting directly to the Group Chief Executive and / or the Chair of the Group Audit Committee.

Any such situations are reported to the Group Audit Committee as they arise.

Director of Assurance's Independence

The Director of Assurance reports to the Chair of the Group Audit Committee and has the following responsibilities, in addition to being Head of Internal Audit. These roles are reviewed annually by the Group Audit Committee, along with the safeguards in place to maintain independence in these areas:



Responsibilities and Access

Responsibilities

The Head of Internal Audit is responsible for providing an internal audit service to the Group which is compliant with the Standards. The internal audit service should complete sufficient assurance work each year to allow the Head of Internal Audit to provide an Annual Report and Opinion to Group and Subsidiary Boards, commenting on the adequacy and effectiveness of the Group's risk management, governance, and internal controls.

The Head of Internal Audit is also responsible for managing relations with other assurance providers in order to minimise duplication of assurance work. These assurance providers include the Group's external auditors and the internal auditors of the Group's Joint Venture. Where the Head of Internal Audit plans to place reliance on the work of another assurance provider, that work will be first be reviewed in line with the Standards requirements.

The Head of Internal Audit is responsible for planning the work of Internal Audit in such a way as to meet the SHR Regulatory Framework requirement for all RSLs to have an internal audit function.

Access

To provide assurances to the Group Board and Group Audit Committee, the Internal Audit team has unrestricted access to all activities across the organisation, including access to records, personnel and physical property.

The Internal Audit team will not provide assurances to parties outside of the organisation, except where this is agreed in advance by the Group Audit Committee.

The Internal Audit team will follow Group procedures when handling any sensitive or confidential information.

Reporting

The work of the Internal Audit team is reported as follows. The Group Audit Committee monitors delivery of the internal audit service through its delegated authority as a sub-committee of the Group Board. The Committee also reviews and approves the resources allocated to Internal Audit on an annual basis.

Management	Group Audit Committee	Subsidiary Boards	Group Board
• Individual review reports • Monthly follow up of management actions • Quarterly Audit Plan • Quarterly reviews of Strategic Risk Register • Biannual review of Subsidiary and local risk registers	• Quarterly Assurance updates, including summarised findings from completed reviews and follow up of management actions • Quarterly Audit Plan • Annual Report and Opinion • Quarterly review of Strategic Risk Register	• At least biannual Internal Audit update, including audit plan, summarised findings from completed reviews and follow up of management actions. • Annual Report and Opinion • Facilitation of biannual review of Subsidiary Corporate Risk Registers	• Annual Report and Opinion • Quarterly review of Strategic Risk Register

Risk-based planning

Rolling 3-month Plan

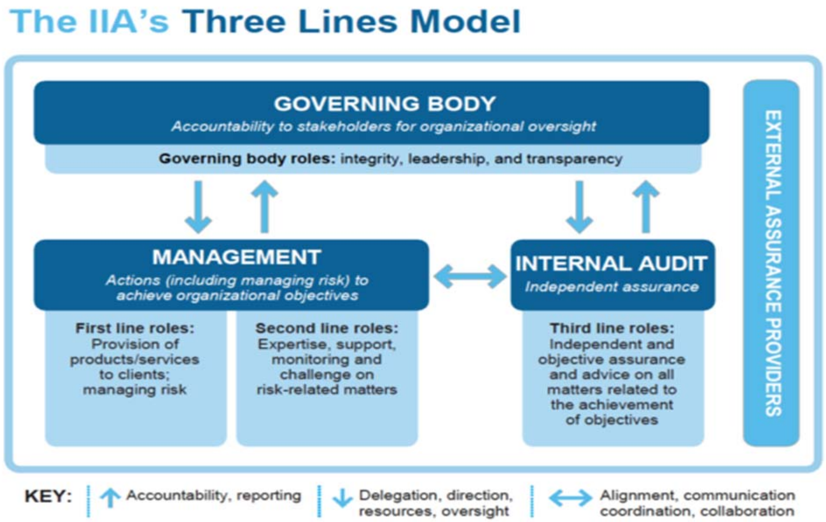
The Internal Audit Team will prepare a rolling 3-month plan, for review and approval by the Group Audit Committee at each of its meetings. The plan will be risk-based and in identifying areas for inclusion in the plan, the Head of Internal Audit will consider:

- Risks within the Group's Strategic Risk Register;
- Wider risk categories, emerging risks and good practice identified across the internal audit sector;
- Areas in which fraud risk may have increased;
- Performance reports across the Group and status of delivery against plans;
- Results of quarterly meetings with senior managers across the Group; and
- Consideration of the Audit Universe, including key systems that require cyclical review due to materiality.

Progress against the plan is reported to each Group Audit Committee meeting.

Planning individual reviews

When planning individual reviews, the internal audit team uses the IIA's three lines model (see below) to assess the adequacy and effectiveness of controls in place. We also consider findings from previous reviews, along with any recent amendments to processes.



Quality and Performance Monitoring

The Standards require internal audit functions to have a quality assurance and improvement programme (QAIP) embedded within the Assurance practice framework, comprising internal and external assessments against the mandatory elements of the IPPF.

External Assessments

- The Standards require that an independent external quality assessment is completed at least once every five years.
- The Wheatley Group Audit Committee has agreed, the Internal Audit function should be subject to an External Quality Assessment at least every five years.

Internal Assessments

Ongoing monitoring
- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

Annual CPE Completion
- Each IA team member completes training to meet the annual CPE requirement of their professional institute.

Annual self-assessment
- Completed using guidance issued by the Chartered Institute of Internal Auditors
- Results reported within the Annual Report and Opinion

Wheatley
Group

Report

To: GHA Board

By: Anthony Allison, Director of Governance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Wheatley Solutions Services Agreement

Date of Meeting: 26 March 2021

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1. Purpose

1.1 To seek Board approval for the revised Services Agreement and Business Excellence Framework and delegated authority to the GHA Managing Director to finalise and execute on behalf of GHA.

2. Authorising context

2.1 The Intra Group Agreement ("IGA") between Wheatley Housing Group (as group parent) and GHA states the intention that the "*primary central service and corporate service provider to the Group shall be Wheatley Solutions Limited*."

2.2 Where Wheatley Solutions are the service provider, the IGA sets out that the parties shall enter into a Services Agreement which set out the agreed services to be provided, any relevant performance standards, quality considerations, term of the agreement and pricing.

3. Risk appetite and assessment

3.1 Our risk appetite in relation to governance is cautious, which is defined as "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward".

3.2 As part of our approach to all aspects of our governance, key documents remain under review on an ongoing basis. Additionally, where we identify opportunities to improve in one part of the Group we share these improvements across the Group. As part of updates to the Wheatley Solutions Services Agreement in another part of the Group, we have identified areas for improvement.

3.3 We further mitigate risk by engaging external professional advisors where appropriate. In particular, we do so where there are direct legal implications, including in this case where parties are entering into a legally binding agreement.

4. Background

4.1 Corporate services expertise and delivery is provided in-house in Wheatley through the 352 staff in Wheatley Solutions. Wheatley Solutions is a wholly owned subsidiary of Wheatley Housing Group Ltd which provides services to other partner organisations in the Group. It brings together staff expertise including in IT, HR, communications, organisational development, finance, internal audit, litigation, surveying, new build development, procurement, customer contact and treasury management.

4.2 Wheatley Solutions' approach is characterised by the deep understanding of its staff, and their commitment to ensuring that all partners in the Group can deliver excellent services for their tenants and other customers. It does this through ensuring that it is efficient, as illustrated by recent Housemark benchmarking which showed that Wheatley Solutions costs per employee served for:

- Finance cost is £109 per property in Wheatley compared to a median cost of £215 per property in Housemark peer group of large housing organisations; and
- IT cost per property is £166 for Wheatley subsidiaries in 2020/21 which sits in the lowest spend quartile when compared against organisations of a similar size where the median spend was £196 per property.

4.3 In-house provision from Solutions across the full range of corporate service allows partner organisations to:

- minimise spend on external advisors, including VAT;
- share costs with all other group partners, meaning services can be delivered efficiently; and
- access expertise that has led to many innovations in Wheatley including funding, new build development, investment delivery, risk management and IT/Digital transformation.

5. Discussion

5.1 The relationship between Wheatley Solutions and GHA is well established. As its biggest customer there is a strong focus on how Wheatley Solutions can meet the needs of GHA.

5.2 The relationship is currently set out through a combination of the Intra Group Agreement ("IGA") and a Services Agreement which is a schedule to the IGA. Under the IGA the services are provided via Wheatley Solutions on Wheatley Housing Group's behalf and this is documented via Business Excellence Frameworks ("BEFs").

5.3 As part of our governance we routinely seek to review existing intragroup arrangements. This is focused on identifying areas for refinement and to ensure they keep pace with legal and regulatory requirements. As we transition into our new 5 year strategies across the Group the timing was appropriate to review the existing services agreement between Wheatley Solutions and partners across the Group.

5.4 As part of this review we identified the following areas which we could introduce to refine and strengthen our existing approach:

- A more detailed, standalone narration of the formal legal arrangements and associated roles and responsibilities;
- A more overt focus on collaboration and co-creation embedded within the language of the BEF;
  An expanded range of KPIs in the BEF;
- A formal review process incorporated within the BEF to increase accountability of Wheatley Solutions; and
- Combining all of the above into a single, integrated Services Agreement.

5.5 Taking this into account, it is proposed that the Services Agreement is updated to comprise of two key elements:

1) A formal legal Services Agreement documenting the formalities of the relationship; and
2) A revised BEF, as a schedule within Services Agreement, which sets out the range of services covered by the Services Agreement in more detail including associated KPIs.

The legal element would be a more static document, with the BEF being more of a living document and subject to ongoing review. Further detail on each is set out below:

Services Agreement

5.6 The proposed Services Agreement is attached at Appendix 1. This provides the overarching legal framework under which day to day responsibility for the provision of support services continues to be transferred to Solutions.

5.7 It covers matters such as: warrants and indemnities; obligations on Wheatley Solutions, such as having appropriately skilled staff; data protection obligations; and liability and termination provisions.

5.8 This ensures that respective roles and responsibilities are very clearly defined. This is an important principle in our governance approach and how we seek to mitigate risk in relation to intragroup governance arrangements.

5.9 The BEF will become a schedule to the Services Agreement which further iterates the level of accountability associated with the commitments contained therein. It also makes it clear that the legal obligations, such as in relation to data protection, apply in the operation of the BEF.

Business Excellence Framework

5.10 The existing BEF is structured into four main sections:

1) The rationale and purpose of the Framework;
2) The engagement approach setting out how Wheatley Solutions staff will work with customer staff;
3) Core Wheatley Solutions' themes; and
4) Services by core theme.

5.11 We have retained this structure in the revised version as it provides a structured approach to setting out the scope of the services provided by Wheatley Solutions. A copy of the revised BEF is attached at Appendix 2.

5.12 A key update to the BEF is how the wording reflects the nature of the relationship between Wheatley Solutions and GHA. It seeks to emphasise that the way Wheatley Solutions develops and delivers its services should be collaborative, engaging and include co-creation.

5.13 As we seek to increasingly engage and co-design our own services with our tenants, this approach should be no different within Wheatley Solutions. Although this is the case in practice across most areas of Wheatley Solutions at present, the revised wording more explicitly articulates that this is an expectation and requirement.

5.14 Aligned with how the document sets out how the relationship should work and services are developed and delivered is accountability for how this happens. In order to enhance this, the revised BEF has a significantly more developed suite of KPIs. This also reflects previous feedback from the Board that the existing BEF would benefit from a greater level of embedded KPIs in its next iteration.

5.15 There are some services, such as Communications and Marketing, which are more qualitative in nature as such are not as appropriate for quantitative KPI measures. Where this is the case, the BEF sets out the core service offering separately.

5.16 In addition to the KPIs, the BEF also seeks to capture how Wheatley Solutions will support us in the delivery of strategic objectives and associated projects. This will include a combination of Wheatley Solutions projects which enable us to deliver our own strategic objectives and support to GHA specific projects.

5.17 The BEF also introduced a continuous review process. This was not part of the previous BEF and provided a more formal channel to discuss the operation of the BEF. This is intended to act both as a means to deliver continuous improvement and as a means for Wheatley Solutions to be accountable for the services it has delivered.

5.18 As part of the review process we commissioned Harper Macleod to undertake an independent legal review of the agreement on behalf of DGHP (as a Registered Social Landlord and the first Board to consider the updates). They provided some minor updates and confirmed their opinion that:

'*the terms of the draft services agreement meets the Scottish Housing Regulator's requirements in relation to RSLs in group structures'*.

5.19 As the structure of the agreement is replicated for GHA we can be assured that this will allow us to meet our regulatory requirements.

5.20 The Board of Wheatley Solutions regularly reviews its performance against its targets in line with its strategy. The Business Excellence Framework and associated KPIs will be subject to annual review between Solutions and GHA, and a bi-annual report will be provided to the GHA Board (in May and October/November) providing an update on Solutions performance against the agreed targets and measures.

6. Key issues and conclusions

6.1 The revised Services Agreement and BEF provide a platform for refining and strengthening our relationship with Wheatley Solutions. In parallel, it also strengthens our regulatory compliance position.

6.2 We recognise that elements of the BEF will change over time as we move into the implementation of our new strategy. As we agree our approach in areas such as engagement and service model the BEF will require to be updated to reflect the service approach.

7. Value for money implications

7.1 Wheatley Solutions undertakes benchmarking on its services, including through Housemark as referenced earlier in the report. It also has plans to refine its approach to benchmarking as part of its strategy. The results of this benchmarking will be shared with the Board when complete.

8. Impact on financial projections

8.1 There are no financial implications associated with this report. The recharging arrangements for Wheatley Solutions are agreed annually by the Board as part of our business plan.

9. Legal, regulatory and charitable implications

9.1 Under the Scottish Housing Regulator statutory guidance for Group Structures and Constitutional Partnerships where there are intragroup services provided:

'*The group must set out service provision between group members in written service level agreements or contracts, with clear costs and charges, and review them regularly*'

9.2 The combination of the Services Agreement and business plan recharge arrangement allow us to comply with this requirement, as confirmed by the independent legal advice on our behalf. The documents will have legal effect when executed.

9.3 The Scottish Housing Regulator is aware of the Wheatley Solutions approach and the performance reporting framework set out above is designed to ensure adherence to the Regulatory Framework. There are no other charitable implications.

10. Partnership implications

10.1 There are no partnership implications associated with this report.

11. Implementation and deployment

11.1 Subject to Board agreement, the revised Services Agreement will take effect from 1 April 2021.

12. Equalities impact

12.1 Staff being seconded to Wheatley Solutions routinely have their terms and conditions reviewed for any equalities implications as part of the process. There are no other equalities implications of these proposals.

13. Recommendations

13.1 The Board is asked to:

1) provide feedback on and agree to enter into the Services Agreement and Business Excellence Framework with Wheatley Solutions;
2) delegate authority to the Chair to agree any non-material changes prior to execution; and
2) designate the Managing Director as an Authorised Signatory to execute the Services Agreement.

List of Appendices

Appendix 1: [redacted]
Appendix 2: [redacted]

Report

To: GHA Board

By: Anthony Allison, Director of Governance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Governance update

Date of Meeting: 26 March 2021

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1. Purpose

1.1 To update the Board on the following governance related matters:

- Board appointments and recruitment; and
- Board reporting template.

2. Authorising context

2.1 The Board is responsible for agreeing its respective Board recruitment and succession planning arrangements, which is thereafter subject to agreement by the Group Remuneration Appointments, Appraisal and Governance Committee.

2.2 The Group reporting template is a formal element of our Group governance framework. On this basis, the template, and any additions thereto are subject to Group Board approval.

3. Risk appetite and assessment

3.1 Our agreed risk appetite for governance is “cautious”. This level of risk tolerance is defined as a “preference for safe delivery options that have a low degree of inherent risk and have only limited potential for reward”.

3.2 We mitigate this risk through having clearly defined roles and responsibilities across our governance framework and regularly updating the Board on governance related matters.

4. Background

4.1 At its last meeting the Board were updated on a range of governance related matters, including the implications of the Cube stock transfer for Board appointments and updates to our Board reporting templates. It was agreed an update be brought back to the Board on both at the next meeting.

5. Discussion

Board appointments and recruitment

5.1 The Board previously agreed that a vacancy be retained to appoint a member of the Cube Board post transfer. Robert Keir is currently a Cube tenant and Board member who will become a GHA tenant post transfer.

5.2 Robert has indicated he is willing to join the GHA Board upon becoming a GHA tenant. As this will occur before the next GHA Board, approval is sought to appoint Robert upon him becoming a GHA tenant.

5.3 In terms of the further two roles we wish to create for former Cube tenants it is proposed that we initiate the recruitment process for this in May. The objective would be to complete the recruitment process for the September AGM.

5.4 It is however proposed that we do not undertake the Rule changes at this stage. As we will be in the process of concluding a group wide strategic governance review at this time it is proposed that we await the outcome of this before revising our Rules. This will allow us to consider any other Rules changes which may emerge from that review.

5.5 This would prevent us having to change our Rules twice in relatively quick succession. An update on the practical steps for how we would manage this would be provided to the Board nearer the time. This would include considering vacancies created by 2021 AGM retirements and the option to stagger appointments.

Board reporting template

5.6 At its last meeting the Board requested that we consider the potential to widen the scope of the reporting template to include environmental, climate change and sustainability issues.

5.7 This feedback was presented to the Group Board, who agreed that this now form a new section in the Board reporting template. The new template takes effect from the next Board cycle.

6. Key issues and conclusions

6.1 The proposals in the report allow the Board to continue to exercise its strong oversight and decision making in relation to governance related matters. Additionally, it reaffirms that Board feedback is considered and reflected in our group governance arrangements.

7. Value for money implications

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

8. Impact on financial projections

8.1 There is no impact on our financial projections arising from this report.

9. Legal, regulatory and charitable implications

9.1 As indicated in the body of the report, the future Board composition will require to considered within the context of a Rule change. Any future Rule change will require to go through the formal process set out in our existing Rules, as well as be registered with the Financial Conduct Authority and notified to the SHR.

9.2 SHR Regulatory Standards of Governance, Standard 4 requires that:

'The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose'

9.3 Our report template sets a structure which seeks to facilitate this type of information being provided to the Board. The additions now agreed will further strengthen this position.

10. Partnership implications

10.1 There are no partnership implications associated with this report.

11. Implementation and deployment

11.1 The implementation and deployment of the process is set out in the body of the report.

12. Equalities impact

12.1 There are no equalities impact arising from this report. Equalities implications will remain a specific section in our future Board reporting template.

13. Recommendations

13.1 The Board is asked to:

1) Approve the appointment of Robert Keir to the Board and the granting of membership of GHA;
2) Agree that we align any Rule changes with the strategic governance review, with a further update to be brought back to the August Board; and
3) Note the updates to the Board reporting template following the Board's feedback.

List of Appendices

None