



**WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING**

**Wednesday 20 December 2023 at 10.30am
Wheatley House, 25 Cochrane Street, Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minutes of meetings held on 08 November 2023 and matters arising
b) Action list
4. Group CEO update
5. Chair updates – Audit, RAAG and WDSL

Main Business

6. Learning from customer insight (including presentation)
7. 2024/25 rent and service charge uplift
8. Regeneration update (Presentation)
9. Group Anti-Social Behaviour Policy Framework
10. Governance update

Other business

11. Finance report
12. Contract award – Cleaning services
13. AOCB

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Learning from Customer Insight

Date of meeting: 20 December 2023

1. Purpose

1.1 This report provides the Board with an update on our learning and actions from customer insight over the first half of the year 2023/24.

2. Authorising and strategic context

2.1 Each Board in the Group has approved its own 5-year strategy, which incorporates overarching priorities and themes. A common strategic theme across all our strategies is delivering exceptional customer experience.

2.2 This strategic theme is underpinned by a number of strategic outcomes which focus on ensuring that the way we develop, design and deliver priorities is informed, influenced and co-created with our customers.

3. Background

3.1 An update on customer insight is provided to the Board every six months. This report provides information on insight received in the first half of 2023/24. We gather customer information in a range of ways from customers such as:

- Satisfaction survey for our regulatory return (Annual Return on the Charter);
- Real time ongoing feedback such as My Voice and Book It, Track It, Rate It;
- Focus groups and specific surveys e.g. for rent consultation or policy/service reviews;
- Customer journey mapping e.g. testing on-line surveys;
- Complaints analysis;
- Group Scrutiny Panel; and
- External assessments e.g. Customer Service Excellence.

3.2 This report provides information on the recent ARC customer satisfaction survey and the Customer Service Excellence (“CSE”) independent assessment. It covers the impact of ongoing insight and service development as well as the programme for the next 6 months.

- 3.3 The Group Scrutiny Panel has been marketed to our Customer Voices and relaunched. It now has approximately 40 members, including those on our Board pathway programme. The Panel focuses on scrutinising our business performance and carrying out specific studies on themes which they identify as a priority. Their first thematic study is on repairs and the Board will receive a presentation on this from Panel members prior to the Board meeting.
- 3.4 Our engagement on service development projects and policies involves putting customers at the heart of the development of services. This usually involves either focus groups, surveys or a mix of both. Participants are generally those who have registered as Customer Voices.
- 3.5 When registering as a Customer Voice, customers identify which topics they are interested in, and we are then able to ask the relevant people to participate in engagement. Other customers are also able to join engagement activities where they are interested or where the topic is particularly relevant to them.
- 3.6 We continue to offer the potential for all customers to be involved in a range of activities including customer satisfaction surveys, local events and our real time feedback through MyVoice and Book it, Track it, Rate it.

4. Discussion

Tenant Satisfaction Surveys

- 4.1 In the summer of 2022, we carried out pulse surveys to gauge tenant opinion on three key service areas – repairs, quality of home and neighbourhood management. These were discussed at Boards in late 2022, and it was recognised that the results were affected by post-pandemic remobilisation of services. In particular, the impact of the backlog of repairs which accumulated during the pandemic was identified as a key driver.
- 4.2 Each Board discussed the improvements we planned to make in response to the results and action plans were put in place to deliver service improvements in each area.
- 4.3 Our 2023/24 tenant satisfaction surveys were carried out between May and November this year for each Group RSL – beginning with Wheatley Homes Glasgow in May and completing with Loretto Housing in November. They were undertaken by Research Resource, an independent research firm, who are well established in the sector. Research Resource will be in attendance at the meeting to provide further insight into the results.
- 4.4 Each RSL Board was updated on the outcome of their surveys, where available, at their November meeting. These show significant improvement from the pulse surveys carried out in 2022. Across every indicator asked in the pulse surveys there is an improvement of over 10% for every RSL, with some increasing by more than 20%. The results are shown in the table below – the ARC average 22/23 is the Scottish average for last year and provides some external context.

Satisfaction indicator – satisfaction with	ARC 22/23 ave	Loretto	WHE	WHG	WHS
Overall service provided by your landlord.	87%	93%	96%	87%	88%
Keeping you informed about services and decisions.	90%	98%	98%	94%	96%
Opportunities given to you to participate in decision making	86%	98%	99%	98%	97%
The repairs service provided.	88%	84% (+26%)	93% (+14%)	82% (+12%)	86% (+8%)
The quality of your home.	84%	94% (+22%)	95% (+14%)	86% (+17%)	89% (+13%)
Wheatley’s contribution to the management of the neighbourhood you live in.	84%	95% (+22%)	93% +15%	91% +21%	95% +19%
Do you think that the rent for this property represents good or poor value for money.	82%	93%	96%	89%	95%

Green = change from 2022 pulse survey results

4.5 The action plans which were put in place, whilst recognising the post-pandemic context previously referred to, and have supported the increase in satisfaction as evidenced above included the following:

- The introduction of Book It, Track It, Rate It for appointed repairs – enabling customers to have visibility of their appointment and progress with the repair;
- Improved communication between the CFC and My Repairs team in the west by co-location of the teams at City Building’s premises;
- Promoting a local team culture and ownership around repairs and the environment in the different areas of the Group;
- The introduction of NETs mobile working technology which improved management oversight of the service, but also provided customers with visibility of the schedule of environmental works via online services and text messages;
- Increased customer engagement in their neighbourhoods including local walkabouts, Keep Scotland Beautiful assessor training for customers, and neighbourhood plan development sessions for customers;
- Focus on the investment and maintenance programme on customer priorities such as damp and mould, energy-efficient heating and other energy efficiency measures; and
- Increasing the visibility of Housing Officers in their community and introducing the annual visit programme for all customers.

4.6 Our programme of continuous improvement informed by customer insight continues and key priorities for the remainder of 2023/34 are discussed at section 4.28 in this report. Understanding our customer priorities in terms of the importance of the quality of their home and the need for investment to deliver this is a feature of rent setting discussions.

Customer Service Excellence

- 4.7 Our Customer Service Excellence results further demonstrate the effectiveness of our customer centred approach. Customer Service Excellence is a national framework and accreditation which covers every aspect of customer service, including customer journey mapping, complaints, first contact resolution, data protection, engaging communities, and innovation. Staff and leaders played a key role in the assessment which took place in October 2023. This resulted in a successful reaccreditation with 22 elements of the assessment rated as “Compliance Plus” – the highest possible rating.
- 4.8 The assessor’s report was very positive, particularly about our staff, our culture and our focus on customers. Some of the quotes from the assessment were:

“the Group has seen significant improvements this year and continues to provide an excellent level of service, with a strong emphasis on customer focus and continuous improvement. There are 22 elements rated as Compliance Plus, which is an outstanding achievement”

“The ‘Think Yes Together’ culture means that staff listen to customers and respond to find a positive solution, well exemplified in the Annual Tenant Visits”

“The customer focused culture is strongly embedded at all levels of the organisation....staff continue to be passionate in their commitment to customers, displaying enthusiasm and desire to ‘go the extra mile”

Learning from customer insight

- 4.9 Our ongoing insight work has been focused on the three strategic pillars of exceptional customer experience, making the most of our homes and assets and changing lives and communities.
- 4.10 This has shown a range of positive views from customers which are consistent with the satisfaction survey results. Customers have also identified some areas where we can improve or change services.

Making the most of our homes and assets

- 4.11 We know from surveys and complaints analysis that the repairs service is a top priority for customers and a key driver for overall satisfaction with our service. Customers have identified that improvements to the repairs service – particularly around appointments – were a priority. Book It, Track It, Rate It has now been introduced across all RSLs for appointed repairs. This allows customers to track their repair and get updates on appointment times. It also allows them to give feedback on the repair immediately after it is undertaken.
- 4.12 Customers have told us at a variety of engagement events that this is working well for them, and this is backed up by a Rate It score of 4.3-4.5 across the RSLs to date. We can also see that satisfaction with repairs has tended to rise over the period the ARC satisfaction survey was conducted which is consistent with the implementation of Book It, Track It, Rate It and other repairs improvements having an impact on satisfaction.

- 4.13 We also have a strong focus on identifying themes from repairs related complaints and identifying learning and specific actions which would improve services. The My Repairs Team in the West are now focusing on repairs which need multiple visits and/or trades. New processes have been put in place for issues such as door replacement and repeat drain issues which were recurrent themes in complaints.
- 4.14 In Wheatley Homes East the predominant theme in complaints related to timescales. Work has been done to address resourcing issues and the recent customer panel in the East provided positive feedback about the process in the last few weeks. Over recent months we have seen a reduction across the Group in the proportion of repairs complaints being escalated to stage 2 from 12% in April 2023 to 10% in September 2023.
- 4.15 Complaints analysis and other customer feedback identified that our service and communication in relation to defects in new build was not as good as that for other repairs. This was partly due to the fact that the new-build contractor is responsible for those repairs and we did not have a good system of tracking and monitoring their performance in this respect.
- 4.16 A new defects process has been developed with system changes currently being implemented to ensure this provides the correct routing of issues. The CFC will now be able to report the repair direct to the new-build contractor as a new build defect service request. This will also be visible to the development team who will take ownership of ensuring defects are managed with the contractor to provide the best customer service. The system changes will also allow better information on trends, themes and issues which the development team will be able to discuss at their regular meetings with our new-build contractors.
- 4.17 Our whole families research showed that customers prioritised the need for larger family homes. Our development programme has now been re-focused where possible and appropriate to include a greater proportion of family homes. Family friendly design is a particular focus for our larger regeneration areas.

Delivering exceptional customer experience

- 4.18 The areas of focus over the last 6 months included reviewing the Customer Engagement Framework (“the Framework”), developing the use of the My Voice Feedback tool, and improving information around the Neighbourhood Environmental Teams (“NETs”) service.
- 4.19 The Framework was implemented in 2021 and is due for review which will be reported to the Board in February 2024. Ahead of this we have undertaken extensive consultation with our Customer Voices to identify how the Framework should be developed. Feedback was overwhelmingly positive with over 75% of Customer Voices stating that they would recommend becoming a Customer Voice to a friend.
- 4.20 Customers did not identify any major changes to the Framework but did identify some operational changes which we have already been able to introduce. These were primarily around ensuring that we gave more feedback on the impact of their involvement directly and through newsletters. Both of these processes are now in place.

- 4.21 We have been using the My Voice feedback tool since the start of 2023/24 to create a customer satisfaction (CSAT) score for the Customer First Centre. This score (measured out of 5) was 4.24 at the end of quarter 2, consistent with the score of 4.3 at the end of quarter 1. For the largest RSLs, Wheatley Homes Glasgow and Wheatley Homes South, the scores are 4.3 and 4.4 respectively.
- 4.22 [redacted]
- 4.23 Our NETs teams are highly valued by customers and housing teams. However, insight from complaints showed us that customers were not always clear what service they were due from the teams and that some of the work was not as visible to customers as it could be. As a result of this, new mobile technology was introduced in May 2023. This keeps customers informed by allowing them to check what work has been done or is upcoming. Customers can do this through their on-line account or through text updates.
- 4.24 The Customer First Centre and our Housing Officers now also have visibility of the status of planned or ad-hoc work which means they can respond immediately to customer enquiries. This work has helped to contribute to the increased satisfaction with the management of the neighbourhood across all Group RSLs.

Changing lives and communities

- 4.25 A key strategic project this year has been to review and update our anti-social behaviour and hate crime policies. Customers have been at the heart of the development of both of these. Customers were very supportive of our approach on hate crime. They did ask for more information to be included on the process of reporting. This has been included in the policy which was approved by the Board on 27 September 2023.
- 4.26 Over recent months, we have been reviewing our Anti-Social Behaviour Policy Framework. The key element of feedback from customers has been around the understanding of living noise compared to the levels of noise which can be classed as anti-social behaviour. In general, most of the reports we receive concerning noise nuisance are not able to be classed as anti-social behaviour.
- 4.27 This feedback has been addressed in the Anti-Social Behaviour Policy Framework which is a separate item on this agenda. We are also aware that a theme in complaints in relation to anti-social behaviour relates to the lack of information that we can provide on perpetrators due to data protection legislation. This aspect is currently being explored in conjunction with our Information Governance team in order that it can be addressed in the revised operational procedure.

Programme for October – March 24

- 4.28 We continue to gather insight through our different channels to improve services. Key priorities for Quarters 3 and 4 2023/24 include:
- Rent consultation: Initial focus groups to inform our full rent consultation have just been undertaken. The full consultation will take place in January 2024;
 - Repairs thematic: this has been undertaken by the Group Scrutiny Panel over the past few months, focusing particularly on communication processes. Their report and recommendations have just been finalised and will be presented to the Board just prior to today's Board meeting. Actions arising from their recommendations will be put in place as soon as possible;
 - Delivery of the updated Group Anti-Social Behaviour Policy Framework: the primary customer engagement for this has already been completed and the revised policy framework is a separate item on this agenda. Development of the supporting processes and procedures, incorporating customer feedback, continues over the next few months;
 - Neighbourhood approach: this involves customer involvement at the local level to direct priorities that help the community. This has been successfully tested in Wheatley Homes Glasgow Barmulloch/Red Road area, and reported to the WHG Board. The approach is being extended across our communities in the North East of Glasgow and a North East Neighbourhood Plan will be presented to the WHG Board in February 2024. A tailored approach is now being developed for other RSLs and will be reported to respective Boards in February 2024;
 - Prioritised investment based on customer feedback: As our updated 5-year investment plans are developed as part of business planning these will be informed by our rent consultation and our neighbourhood approach;
 - Group Scrutiny Panel environmental thematic study: the Scrutiny Panel has agreed that their second thematic study will be in relation to environmental services. This will be undertaken in Quarter 4 of 2023/24;
 - End to end review of programmed repairs: this next phase of the repairs improvement plan responds to our customer feedback and focuses particularly on reducing unnecessary inspections or visits and improving communication to customers on next steps. We hope this will see a reduction in repairs complaints on this theme and further reduce the number of repair complaints escalating to Stage 2;
 - Engagement on digital services: this is currently focused around support to repairs improvement. Work is underway to review repairs reporting and webchat functionality using customer journey mapping as a means of involving our customers in service design; and
 - My Voice: we are rolling out this feedback tool beyond the Customer First Centre to other service areas. We have recently extended it to cover the allocations process and the NETs environmental service and as we build up a level of feedback on these services, we will be analysing this for service improvement themes.

5. Customer Engagement

- 5.1 This report outlines our customer engagement through the first half of 2023/24; the insight we have received from this; and the impact in changing and developing services.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 This report shows how we are involving our customers in shaping services. On some occasions this will directly influence our digital approach. The engagement undertaken in the first half of 2023/24 supports the development of existing programmes and there are no additional changes or requirements.

8. Financial and value for money implications

- 8.1 Our customer engagement and insight ensures that we are improving and amending services in the ways that best meet customer needs. This helps to ensure that we are delivering value for money. The proposals and changes outlined in this report are all being delivered within current service or project budgets.

9. Legal, regulatory and charitable implications

- 9.1 The Scottish Housing Regulator requires that we consult and engage with tenants and that we can demonstrate how we do this. Our Framework and the ongoing monitoring of this demonstrates that we are delivering this requirement.

10. Risk Appetite and assessment

- 10.1 Our risk appetite for enabling customers to lead is open, where we aim to create a cultural shift for customers, shifting the balance of power and control to the customer and ensuring the service they experience is aligned to their personal priorities.
- 10.2 Our engagement and insight approach provides the structure to ensure that we mitigate the risk that our services are not aligned with customers' priorities.

11. Equalities implications

- 11.1 There are no equalities implications from the information provided in this report. We have undertaken a survey of equalities and diversities with our Customer Voices and this shows a reasonable match with our current tenant group. The Framework has also enabled a wider range of participation, particularly from younger people and those with disabilities. An Equalities Impact Assessment will be undertaken as part of the review of the Framework to ensure that we continue to strengthen our approach.

12. Key issues and conclusions

- 12.1 This report outlines the range of our engagement with customers over the last six months. It details the feedback we have received from customers and the ways in which this feedback is impacting the way we deliver our services and set our priorities.
- 12.2 The improved tenant satisfaction results for 2023/24 presented in the report indicate that we are making progress on our service improvement plans which are driven by our customer insight. This is supported by the recent positive Customer Service Excellence independent assessment of our service and culture which is also outlined in the report.

13. Recommendations

- 13.1 The Board is asked to note this report.

LIST OF APPENDICES:

None

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: 2024/25 rent and service charge uplift

Date of Meeting: 20 December 2023

1. Purpose

1.1 This report provides the Board with feedback from tenant focus group discussions on our draft 2024/25 rent and service charge setting proposals, sets out and seeks approval of the 2024/25 RSL rent and service charge increase proposals and the next steps, process and timeline for consulting RSL tenants.

2. Authorising and strategic context

2.1 Under the Group Standing Orders the Group Board is responsible for the Group rent setting framework. Subsidiary Boards approve their rent increases within this framework. The Board approved a potential rent and service charge increase range for discussion at the tenant focus groups and the consultation approach at its meeting on 8 November 2023. Our RSL Boards subsequently considered and agreed the proposed range for tenant focus groups at their meetings during November.

3. Background

3.1 The Board, and partner RSL Boards, agreed a range of between 6.9% and 7.9% as our assumption for the 2024/25 rent and service charge increase as a basis for holding initial engagement with tenants. It was agreed that we would need to have a clearer understanding of tenants' feedback, the economic climate and the wider sector position before making a final decision. As such the final decision was scheduled for this meeting to allow the Board to consider these factors.

3.2 The position in relation to the rent cap for Mid Market and Full Market Rent has yet to be determined. As previously agreed, the Board will be updated as soon as this position is clarified.

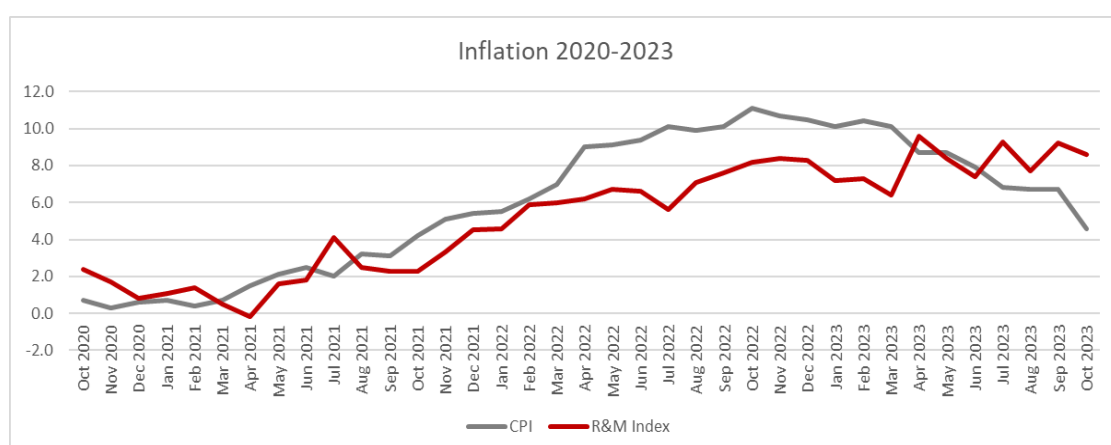
4. DiscussionTenant feedback

4.1 Engagement and consultation are key elements of our rent setting framework. The Board agreed that our tenant focus groups this year would focus on understanding tenants' feedback on the potential rent and service charge increase range, what any additional investment should be focused on and how well the tenant brochure explained why the proposed range was necessary.

- 4.2 Research Resource independently facilitated the focus groups across the Group during late November and early December. A number of consistent themes emerged across all RSLs, with some feedback also RSL specific.
- 4.3 The consistent themes across all focus groups were:
- Tenants understood that rents would need to increase to maintain services;
 - No major concerns or issues were raised about the proposed increase range;
 - We should be clear with tenants on the type of additional support we can offer and how they can access wraparound support should they need it;
 - Where service charges apply be clearer what they could relate to; and
 - Additional investment should be focussed on energy efficiency-related items which can directly save tenants money.
- 4.4 Feedback from Research Resource indicated an observation from some tenants that the difference between the options was not easily distinguishable. The feedback was, however, as indicated above, very strong in how tenants would like us to prioritise investment activity and that, more generally, we should increase investment levels where possible.
- 4.5 Taking this into account it is proposed that we consider moving to two options to make the messaging simpler – a minimum option and a second higher option which would fund additional investment.

Economic landscape

- 4.6 Since the last meeting, general CPI has reduced from 6.7% for September 2023 to 4.6% for the year to October 2023. This has been largely driven by lower energy costs following the reduction in the domestic energy price cap at the start of October. The CPI measure however does not capture the cost profile our business has the most exposure to such as repairs and maintenance costs and insurance. The Office for National Statistics most recently published inflation figure for repairs and maintenance showed an annual inflation of 8.6%.



- 4.7 In the autumn statement on 22 November the UK Government has also confirmed that working-age benefits will rise by 6.7% in line with September CPI and pensions will increase by 8.5% linked to the wage inflation element of the “triple lock” pledge. The housing element of Universal Credit will continue to cover the full costs of rent and a number of our households will also be entitled to pension credit.

- 4.8 Additionally, the National Living Wage (minimum wage) will increase by just under 10% from April 2024. In relation to our rent setting framework, this will significantly mitigate the impact of our increase in relation to affordability.
- 4.9 We know from our affordability analysis considered at the November meeting, that we do not have any issues with the affordability of our current rent levels.

Comparability analysis

- 4.10 At the time we agreed on the rent and service charge increase range we had confirmed that our existing levels relevant to comparator groups were not at the higher end. In particular, WH Glasgow was mid-table among RSLs with more than 1000 units and WH South remained significantly lower than all other RSLs in its area of operation, some £18-20 per week lower for two, three and four apartment properties.
- 4.11 At that time however limited information was available on what RSLs were planning for 2024/25. A number of RSLs have now confirmed the increase on which they plan to consult tenants. A more detailed analysis of the planned increases, alongside the longer term cumulative totals, is set out in Appendix 1. The key points to note are:
- RSLs and groups with a wider geographical footprint, such as Link Group, Sanctuary Scotland, Blackwood, Hillcrest and Home Group range between 6.7-7.7%;
 - Glasgow based RSLs are consistently between 5-8%;
 - Edinburgh based RSLs range between 4-7.75% with a larger proportion towards the higher end;
 - Increases range from 4.6-7.7% in Dumfries and Galloway; and
 - In Loretto Housing’s main comparators the range is higher at 6-7%, higher than the 5-7% the previous year.
- 4.12 Where information is available on the proposed increases for 2024/25 it shows that during the period of higher inflation, last year and the year ahead, the majority of RSLs will have increased rents by between 11.5-13.5%. We would remain comparable with an increase level at any point within our agreed range having applied increases from 1-4.4% in 2023/24.

RSL rent + service charge increases for tenant consultation

- 4.13 Taking into account the feedback from the tenant focus groups, the strong desire for investment in tenants' homes, and the comparability analysis it is proposed that the following options are agreed for consultation with tenants:

RSL	Options
WH Glasgow	7.5% and 7.9%
Loretto Housing	7.5% and 7.9%
WH South	7.5% and 7.9%
WH East	7.5% and 7.9%
WH East (ex WLHP)	2.5%

- 4.14 This remains within the range previously agreed and the analysis affirms that our cumulative increase over 2023 and for 2024 would remain at the lower to middle end of the sector more widely.

- 4.15 Whilst our affordability and comparability analysis confirm our rents are affordable and not amongst the highest relative to local comparators, we will ensure that we promote the support available to tenants. This includes Welfare Benefits and Fuel Advisors, Home Comforts and the Helping Hand Fund.

Consultation timeline

- 4.16 The proposed key steps and timelines for the RSL consultation are as follows:

Step	Timescale
Consultation period (Online from 8 th January and hard copies issued as soon as practically possible thereafter)	w/c 8 th January - 31 st January
RSL Boards receive consultation results and approve rent and service charge increases	5-9 th February
Group Board update on all rent and service charge increases	22 nd February
Rent and service charge increase letters issued	23 rd Feb onwards

- 4.17 As previously agreed, Civica will again independently validate and count the returns and provide us with certified results.

5. Customer Engagement

- 5.1 The final tenant brochure has been shaped by feedback from our customers and we will now commence with formal consultation with all tenants.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 Tenants will once again be able to participate in the consultation through a wide range of means, both in person and digital. Responses will also be able to be emailed to the independent provider Civica.

8. Financial and value for money implications

- 8.1 Our proposed rent and service charge increases strike an appropriate balance between affordability for our tenants during this continued period of pressure on household budgets, whilst ensuring the ongoing financial viability of our operations and the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.

- 8.2 As part of our business planning and asset strategy discussions which are taking place in early 2024, we will bring forward proposals for a package of measures with the aim of increasing the level of financial capacity within our financial projections for investment in existing homes. This will support the delivery of energy efficiency projects and consider the Scottish Government consultation on the Social Housing net zero standard.

9. Legal, regulatory and charitable implications

- 9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The tenant engagement to date and approach set out in this paper will meet our requirement to consult under the Act.

10. Risk Appetite and assessment

- 10.1 The Group's risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "*willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward*".
- 10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "avoidance of risk and uncertainty is a key organisational objective".
- 10.3 We are mitigating this risk to the extent possible with an approach which:
- Ensures we had a strong customer voice in shaping our final consultation proposal;
 - Formally consulting all tenants; and
 - Making the final decision after we understand the consultation feedback from tenants.

11. Equalities implications

- 11.1 The initial focus groups with tenants across our four RSLs have informed our proposals, materials and approach for formal consultation. The focus groups included younger and older tenants, newer and longstanding tenants and Livingwell tenants in addition to tenants for whom English was not their first language. A tenant who signs BSL also participated in a focus group.
- 11.2 This has shaped the formal consultation, including proactive provision of alternative formats (large print, audio and braille) for tenants who have recorded this requirement and with the translation of brochures available on request (and to be available via our supplier within 4 days). To support awareness of translation, we will also add a translation note in English and the 5 most requested languages – Arabic, Dari (Afghan), Portuguese, Polish and Urdu.
- 11.3 An equalities impact assessment has been undertaken which acknowledges the potential barriers some tenants could face and details the provisions put in place.

12. Key issues and conclusions

- 12.1 The feedback from our tenant focus groups indicates that tenants understand our proposals and recognise the need for an increase to maintain services and investment. There was an appetite for additional investment targeted at energy efficiency across the majority of focus groups. We have updated the draft brochure to tenants to reflect this.

13. Recommendations

- 13.1 The Board is asked to approve the options for consultation on the 2024/25 rent and service charge increase by each RSL as set out in paragraph 4.13.

LIST OF APPENDICES:

Appendix 1: [redacted] available [here](#)

Report

To: Wheatley Housing Group Board

By: Laura Pluck, Group Director of Communities

Approved by: Steven Henderson, Group Chief Executive

Subject: Group Anti-Social Behaviour Framework

Date of Meeting: 20 December 2023

1. Purpose

1.1 To seek approval of our revised Group Antisocial Behaviour (“ASB”) Framework (the “ASB Framework”).

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the approval of any Group Frameworks is reserved to the Group Board.

2.2 The ASB Framework relates to the following strategic themes and outcomes:

Strategic Theme	Strategic Outcome
Delivering Exceptional Customer Experience	Progressing from excellent to outstanding
Making the Most of our Homes and Assets	Building community voice, engagement, and resilience
Changing Lives and Communities	Developing peaceful and connected neighbourhoods
Developing our Shared Capability	W.E Work – Strengthening the skills and agility of our staff
Enabling our Ambitions	Influencing locally and nationally to benefit our customers

2.3 Within the Group strategy, we have made a commitment that ‘*Over 70% of our customers live in neighbourhoods categorised as peaceful*’ and our ASB Framework reflects how we will achieve this in practice.

3. Background

3.1 We are regarded as sector-leading in our approach to ASB through our unique Community Improvement Partnership (“CIP”), where our staff and Police Scotland staff are co-located to work collaboratively using a dual-agency approach to tackle ASB and crime within our communities. Our partnership with Police Scotland through the CIP means closer alignment and working with Police Scotland’s Partnership, Prevention and Community Wellbeing division, enabling us to co-create services to keep our customers safe and secure in their homes and communities.

- 3.2 Over the last year we have transitioned from a '*deployment approach*' within our CIP to adopting a '*prevention and solutions*' approach to ASB. Our previous deployment approach was focused on deploying all our police resources in one locality or community at any one time with a focus on reducing ASB cases and reported crimes where there were upward trends. Our new prevention and solutions approach has been developed with the aim of providing a more localised, person centred and sustainable response to ASB. The new approach means;
- Police, ASB specialists and housing teams now work closely in geographic teams together to understand, respond to and address ASB in each community.
 - Housing teams have a valuable resource to draw on at any time to tackle concerns within communities.
 - The teams work together to develop an in depth understanding of the individual issues affecting each community and develop bespoke initiatives and programmes of work in those areas.
 - There is a focus on understanding the drivers and root cause of the conduct to help establish a solution focussed approach for addressing the behaviour.
 - A dual agency approach in each case of ASB gives the opportunity to clarify the powers and potential consequences from both perspectives that can be used to address the ASB.
- 3.3 As part of the 2023/2024 strategic project '*Redesign Approach to Safer Communities*' it was agreed that following the adoption of a prevention and solutions approach, a full review of our process for dealing with ASB would be undertaken including a review of the ASB Framework.
- 3.4 The ASB Framework '*Peaceful Places in Thriving Spaces*' was introduced to our Group policy and framework structure in June 2021. It was devised as our key document for staff, customers, and partners to outline our strategic approach towards dealing with behaviour and conduct related to ASB. It specifically addresses how we deal with reports of ASB, our process for doing so and the powers we have as a Registered Social Landlord (RSL) to deal with it. It is both an internal and customer facing document.
- 3.5 The ASB Framework outlines the vision for reducing ASB as:
- **Strategic vision:** Our ASB Framework will create calm, peaceful and sustainable communities where people are proud to live.
 - **Our aim:** To build on our sector leading ASB work through embedding a strong prevention led approach across all our services, directed by our customers and supported by strong digital services and robust enforcement where it is needed.
- 3.6 It covers how this aim and vision will be achieved through five key outcomes and how they will be achieved, as follows:

Outcome	How we will achieve this
Prevention	Our collaborative and targeted prevention activities are improving community safety and wellbeing and supporting the development of peaceful and thriving neighbourhoods.
Early Intervention	Our focused early and effective interventions through awareness raising, education, and communication will divert people away from being involved in ASB.
Asset Based	We will focus on our community assets and strengths. By supporting, developing and mobilising these we will build more resilient communities and individuals that have the confidence to drive improvements forward.
Changing Lives	We will provide our customers with increased opportunities and support our better lives agenda through education, training, and employment prospects. By doing so we will divert those impacted from pathways into crime and ASB.
Enforcement	In the event that our prevention and early intervention approaches have not impacted on ASB we will enforce all appropriate and proportionate legal means at our disposal to deal with this and prevent reoccurrence.

3.7 A number of key measures are identified under each of the five outcome areas, including:

- Reduce the number of repeat complaints by 20%;
- 100% of customer facing staff are trauma informed and easily able to identify the characteristics associated with this;
- Reduce the number of noise nuisance calls customers make to the Police by 25%; and
- 50% increase in submission of community information and intelligence direct to our Police information and intelligence unit.

3.8 When the ASB Framework was developed in 2021, the structure of the document was designed to subsume the existing ASB Policy within it. The full ASB Framework is the document issued to any customers who request sight of our 'ASB Policy'. The final section within the ASB Framework '*investigating incidents and using our powers*' covers what would normally be contained within an ASB Policy.

4. Discussion

4.1 We know from listening to and engaging with our customers that our response to and management of ASB remains a key priority. Feedback received through our engagement and customer insight informed us that both customers and staff saw merit in separating information relative to the ASB Policy from the ASB Framework and having these as standalone documents. Customers and staff identified key information that should be detailed in a standalone ASB Policy including, what ASB is, how to report it, what action will be taken to deal with the report and clear details of the support that will be on offer to anyone affected. Customers asked that the policy be as concise as possible.

- 4.2 Based on this feedback, we have revised the ASB Framework to take account of the main points raised, a copy of which is attached at Appendix 1. A copy of the tracked changes is available on request. Taking account of feedback, the following documents are proposed to outline our approach towards ASB:
- One revised ASB Framework which sets out our overarching approach and principles for dealing with ASB; and
 - RSL specific ASB Policies that sets out clearly for customers what constitutes ASB, the investigation process, our powers to tackle ASB as an RSL and what to expect throughout.
- 4.3 In terms of the ASB Framework, in general the review entailed bringing the document up to date in line with our current approach with main changes outlined below:
- Removal of repetitive statements and jargon;
 - Updated to reflect our 'prevention and solutions' approach;
 - Removal of specific case studies; and
 - An additional section that details how we will deliver the ASB Framework outcomes.
- 4.4 This work to review the ASB Framework and introduce subsidiary RSL ASB Policies, is complemented by undertaking a review of other key areas of our ASB process including:
- Reviewing the letters we send to customers pertaining to ASB;
 - Improving the recording system we use to capture cases of ASB;
 - Refining our categorisation of ASB to simplify them;
 - Clearly defining what is ASB vs. what doesn't constitute ASB;
 - Establish and/or reestablish police tasking process across our localities;
 - Revised training programme for staff; and
 - Creation of a Neighbourhood Management Policy and toolkit to set out our approach to neighbourhood incidents that don't constitute ASB.
- 4.5 We know that noise nuisance is the biggest issue reported to us by our customers in relation to ASB. In 2022/2023 there were 7,074 incidents of ASB reported across the Group and 3,633 (51.4%) of these incidents were recorded within the noise nuisance category. We undertook a 10% sample check of these 3,633 noise incidents to establish the type and discovered from this that 35% of these cases were not what we would determine to be ASB related noise nuisance, instead relating to living noise.
- 4.6 This finding isn't specific to our organisation, as we know this to be a sector wide issue within Housing. In October 2022 the English Housing Ombudsman published a spotlight report on noise complaints 'time to be heard'. The report concluded that;
- 'At the heart of our findings is a fundamental unfairness: most noise reports concern household noise rather than anti-social behaviour (ASB), and yet most landlords handle it under their ASB policy.'*

- 4.7 While the Housing Ombudsman has authority in England only, their work and publications are a source of good practice for us to refer to. The noise complaints report contained 32 recommendations and as part of this, ‘getting the policies right’ for dealing with noise nuisance was fundamental. This included having clear distinct policies for dealing with noise under ASB and living/household noise as part of a good neighbourhood management policy. As such, it is proposed that a Neighbourhood Management Policy is drafted for each RSL subsidiary to support with this approach and ensure that cases are being handled effectively and in accordance with this sector wide model.
- 4.8 We will present the revised ASB Policy to the RSL subsidiary boards for consideration and approval in February 2024. This will be followed in March 2024 by the draft Neighbourhood Management Policies being taken to RSL subsidiary boards.

5. Customer Engagement

- 5.1 We conducted sessions with Customer Voices who had expressed a particular interest in ASB as part of the Stronger Voices programme. There were 3 sessions arranged locally, covering Wheatley Homes East, South, and Glasgow, with 29 customers in total attending across the sessions.
- 5.2 The purpose of the ASB Customer Voice sessions was to discuss the ASB Framework in detail and gather feedback on its suitability for outlining our approach towards ASB and whether customers felt it remained fit for purpose and met their needs.
- 5.3 The document was discussed with staff across the Group including our Customer First Centre teams, Housing Officers, ASB Intervention and Prevention Officers, Locality Housing Directors/Heads of Housing and Managing Directors, as part of our objective to obtain feedback around our end-to-end process for dealing with ASB.
- 5.4 The ASB Framework was taken through our Protecting People and Communities ‘Community of Excellence’ where staff across all service areas come together to share and implement best practice and innovate. Their comments were taken on board as part of the review.

6. Environmental and sustainability implications

- 6.1 Development and implementation of the revised ASB Framework helps us meet three of the UN Sustainable Development Goals, which include:

Goal 3	Good health and wellbeing	We know that ASB and specifically certain categories of ASB and repeat incidences of ASB can have a negative impact on people’s wellbeing. A robust approach to responding to and managing ASB in our communities supports our tenant’s overall health and wellbeing.
Goal 10	Reduced inequalities	Our approach recognises that those living in the most social deprived areas and specific social groups are more likely to perceive and experience anti-social behaviour. By having a person centred and trauma informed approach to managing ASB we work to achieve greater equality for our tenants.
Goal 16	Peace, Justice and strong institutions	By robustly tackling ASB we support the UN Goals of reducing violence across the globe and operating as a transparent, effective, and accountable institution.

7. Digital transformation alignment

- 7.1 The ASB Framework is currently available digitally for staff to access on WE Connect and available for our customers via the Group and subsidiary websites. The revised version would be available across the same channels.
- 7.2 In terms of implementation of the revised ASB Framework, roll out across the Group would include digital methods of communication to raise awareness (WE Connect and Talk Together). Digital methods will be used to support the roll out process for staff booking onto face-to-face sessions to learn more about the revised document.

8. Financial and value for money implications

- 8.1 There are no financial implications as a result of revising the current ASB Framework.
- 8.2 In terms of value for money, having a ASB Framework and clear policies outlining our approach towards ASB and Neighbourhood Management issues and what constitutes both categories, will allow us to deal appropriately with these types of cases under the appropriate process and take the appropriate action. This should help us strip waste from the current process, at the same time as improving customer satisfaction levels and compliance.

9. Legal, regulatory, and charitable implications

- 9.1 The ASB Framework was originally written considering the relevant legislation concerning ASB and the revised version has no impact on this.

10. Risk Appetite and assessment

- 10.1 The ASB Framework supports our ambitions across all five of our strategic themes of Delivering Exceptional Customer Experience, Making the Most of our Homes and Assets, Changing Lives and Communities, Developing our Capabilities and Enabling our Ambitions. Our risk appetite in relation to operational delivery for these themes ranges from open to hungry.
- 10.2 By reviewing the ASB Framework and developing standalone ASB Policies for each RSL we ensure that:
- The ASB Framework and associated policies reflect customer expectations; and
 - Customers and stakeholders are clear on our approach, how they should report concerns and action we will take when they report ASB.

11. Equalities implications

- 11.1 Our ASB Framework outlines our ambition to build stronger and more thriving neighbourhoods, where our customers feel safe, included, and valued. Equality and Diversity is at the heart of the document, where the design and delivery of ASB services that support customers to feel included and part of their neighbourhood is central.

- 11.2 In Scotland there is recognition of the links between inequality, poverty, and adverse experiences in childhood with risk in offending, reoffending and/or being a victim of crime. It is through this recognition that our Prevention and Solutions model within the CIP, which is outlined within the ASB Framework, states that we will take a trauma informed and person-centered approach towards dealing with ASB and ensure that the appropriate levels of support feature as a key tool in dealing with the behaviour and conduct.
- 11.3 An updated Equality Impact Assessment has been completed to support the revised ASB Framework. A copy of the full assessment is available on request.

12. Key issues and conclusions

- 12.1 A review of the ASB Framework was undertaken reflecting engagement and feedback from both customers and staff. A revised version of the ASB Framework has been written and draft ASB Policies developed for taking to RSL subsidiary Boards for consideration and approval in February 2024. Each document contains what staff and customers advised they would expect to see within each.
- 12.2 Having a clearly defined ASB Policy and separate Neighbourhood Management Policy for living noise is supportive of work going on within the Housing sector in relation to Noise Nuisance reports and their handling by RSLs.
- 12.3 In accordance with this, we are in the process of drafting RSL subsidiary Neighbourhood Management Policies, which will be taken to RSL subsidiary Boards in March 2024 for consideration and approval.

13. Recommendations

- 13.1 The Group Board is asked to:
- 1) Approve the revised Group ASB Framework; and
 - 2) Note that RSL-specific ASB Policies will be taken to relevant Boards in February 2024 seeking approval followed by a Neighbourhood Management Policy in March 2024.

LIST OF APPENDICES:

Appendix 1 - [redacted] available [here](#)

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Governance update

Date of Meeting: 20 December 2023

1. Purpose

- 1.1 To update the Board, seeking approval where appropriate, on the following governance-related matters:
- Board remuneration and the Group Governing Body Remuneration Policy;
 - Appointment of new Board and Committee members;
 - Updated Group Code of Conduct; and
 - Updated Governing Body Member Expenses and Allowances Policy

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the approval of any Group policies as well as the Group Code of Conduct is reserved to the Group Board. The policies within this report have been reviewed and are recommended by the Group Remuneration, Appointments, Appraisal and Governance (“RAAG”) Committee.
- 2.2 The RAAG Committee also has responsibility for regularly reviewing and making recommendations to the Group Board in relation to Board member remuneration levels. Approval of remuneration levels are however reserved to the Group Board.

3. Background

- 3.1 We periodically review all our Group policies and associated related documents. We have also taken the opportunity to review the Governing Body Member Expenses and Allowances Policy alongside the Group Code of Conduct and Governing Body Member Remuneration Policy.
- 3.2 As a Group with an RSL Parent it is important that we continue to demonstrate a high standard of governance. To support this, we require Board members with sufficient levels of skill and knowledge. To attract strong candidates and reflect the time commitment required for certain roles, some Governing Body members within our Group are remunerated.

- 3.3 To ensure we are transparent and comply with the Scottish Housing Regulator’s (SHR) Regulatory Framework we have a Group Governing Body Remuneration Policy which was last updated in June 2021.

4. Discussion

Group Governing Body Remuneration Policy

- 4.1 The RAAG Committee has reviewed our Group Governing Body Remuneration Policy including: the roles we remunerate; the levels at which we remunerate; and how these benchmark with appropriate comparator organisations.

Roles and rates

- 4.2 The RAAG Committee noted that our approach to remuneration has continued to evolve, with new roles and expansion of existing roles, for example:

- Co-opted Group Board directors with a particular focus on helping further embed the tenant voice within our decision making;
- Co-opted Group Audit Committee members, as we have reduced the size of this Board, we have drawn on particular skills from within the wider Group.

- 4.3 It was also recognised that the scale and time commitment of some Group Board member roles were such that they required differential remuneration levels. We currently ‘double up’ some Chair roles, such as LHA/Lowther Homes and WHS/Wheatley Solutions. In this case, we apply a core principle that the higher-level remuneration of the two is paid but there is no additional level for having two Chair roles.

- 4.4 The same principle applies to any Non-Executive role, where we only pay one role even where an individual serves on another Board or Committee as this is factored into the remuneration level e.g. a Group Board Non-Executive also serving on a subsidiary Board or Committee.

- 4.5 This has however meant that our policy has, including legacy arrangements, changed by evolution and become more complex in terms of different classes and rates of remuneration. The Committee agreed that these should be simplified as far as possible.

Benchmarking - remuneration roles and levels

- 4.6 We have undertaken benchmarking of remunerated roles and levels, focussing on the English housing sector and the Scottish public sector based on the latest publicly available information. Whilst the remuneration levels are accurate, assumptions are required for remuneration of certain roles, such as Vice-Chair and Committee Chair, as these are not referenced explicitly in financial statements.

- 4.7 Some illustrative comparison remuneration ranges, taking out the highest and lowest, are set out below with a wider selection and detail on areas such as turnover and scale, also considered by the RAAG Committee.

Role	Remun level/range	Wheatley level
Housing		
Chair	£29,521-53,000	£32,370
Vice-Chair/SID	£15,000-30,000	£16,185
Committee Chair	£14,000-20,000	£16,185
Non-Exec	£12,000-20,000	£12,408
Scottish public sector		
Chair	£35,790-44,833	£32,370
Board member	£9,030-13,408	£12,408

- 4.8 The ranges indicate that our remuneration levels are at the lower end relative to the wider housing sector and comparable with the range for Scottish public sector appointments.

Policy and remuneration level review

- 4.9 At its November meeting, the RAAG Committee agreed to recommend to the Group Board that we review, simplify and harmonise the standard classes of remuneration across the Group as follows:

Role	Remuneration
Group Chair	£32,370
Wheatley Homes Glasgow Chair	£19,961
Wheatley Group Board Member + Subsidiary Chair/ Committee Chair/Senior Independent Director - Wheatley Homes South, Wheatley Homes East, Loretto Housing, Wheatley Care, Lowther Homes, Wheatley Solution and Group Audit Committee	£16,185
Group Board Member (Non-Exec/Co-optee)	£12,408
Commercial Subsidiary Board Director - Wheatley Developments Scotland Non-Executives	£7,000
Group Audit Committee co-optees	£7,000

- 4.10 A key change would be having a single remuneration level for Group Board members who are also a Subsidiary or Committee Chair at £16,185, other than the Wheatley Homes Glasgow Chair. This would remove the current variations we have where those subsidiary Chairs have three different remuneration levels.
- 4.11 This would leave two instances of ‘non-standard’ remuneration based on our current remuneration arrangements as follows:

Role
Group Board member + CBG Chair + Lowther Homes Non-Executive
Wheatley Foundation Chair

- 4.12 The RAAG Committee has recommended that the policy allows for this through permitting, by exception and with RAAG and Group Board approval, non-standard remuneration to be paid to any individual role. The Board has already previously agreed that the remuneration level for the Group Board, CBG Chair and Lowther Homes role at its current remuneration based on the essential skills and experience the Board member brings to the roles. This non-standard remuneration will however automatically fall away upon their retirement from the relevant Board.
- 4.13 It is also proposed that the policy allows for a Non-RSL Charitable Chair role to be remunerated where it is considered that doing so would be necessary to attract an individual with specific skills, experience or public profile. This would cover the Wheatley Foundation where the remuneration is at the equivalent of the standard Chair rate however is not ‘standard’ as it is not also a Group Board member.

- 4.14 This remuneration would also automatically fall away upon the current Wheatley Foundation Chair's retirement. This role may in future be covered by an existing Group Board member rather than an independent Chair. The only other non-RSL Charitable subsidiary Chair, Wheatley Care, would be covered under the Subsidiary Chair plus Group Board member.
- 4.15 No changes are proposed to the existing remuneration levels at this time, on the basis that they are comparable with the wider housing sector and Scottish public sector.
- 4.16 An updated, track-changed, version of the policy reflecting the proposed changes, attached at Appendix 1, is recommended by the Group RAAG Committee for approval.

Appointment of new Board and Committee members

- 4.17 As part of subsidiary Board recruitment we proactively consider the links to our wider Group Succession planning, such as how we ensure the Wheatley Developments Scotland and Group Audit Committee have the sufficient range and depth of skills and experience.
- 4.18 We have been recruiting Board members for Wheatley Care and Wheatley Homes Glasgow to identify individuals who could also support strengthening the Wheatley Developments Scotland Board and Group Audit Committee following the unexpected reduction in members of each in recent months.
- 4.19 The RAAG Committee is due to consider the appointments at its meeting on 20 December including a recommendation that one is appointed as a co-optee of the Group Audit Committee and the other is appointed as a Non-Executive of the Wheatley Developments Board. These would be remunerated roles in line with the position set out in this report.
- 4.20 An update will be provided at the meeting on the outcome of the RAAG Committee's consideration of these appointments.

Group Code of Conduct for Governing Body Members

- 4.21 Our existing Group Code of Conduct ("the Code") has been in place for a number of years and largely still reflects the one adopted at the point of GHA stock transfer. This includes lengthy clauses and protocols for elected member Board members which whilst relevant at the time are no longer a material issue.
- 4.22 While the Code continues to cover the main behaviours expected of Board and Committee members, it is lengthy and complicated. Whilst we have not been required to enforce or investigate any breaches of the Code its complexity would make this more challenging.
- 4.23 At its meeting in November, the RAAG Committee considered this and agreed to recommend that we retire the existing Code and adopt the Scottish Federation of Housing Associations ("SFHA") model of Code of Conduct. This would align us with the wider sector and affirm to Board members that it is appropriate and proportionate.

- 4.24 We have made some minor revisions to the SFHA model to reflect our Group dynamic, for example, that not all of our subsidiaries are RSLs. A copy of the proposed Code of Conduct is attached for review at Appendix 2, together with supplementary guidance which will be provided to all Board members at Appendix 3.
- 4.25 The Code also refers to a protocol to be used in the event of a breach. Although we have had no breaches of our Code in recent years, we have taken the opportunity to prepare a breach protocol to provide clarity in the event of any future issues. The protocol (Appendix 4) is also based on the SFHA model, with amendments that acknowledge the role of our Group RAAG Committee in investigating any alleged breach of the Code.
- 4.26 Subject to approval, we will take the updated Code of Conduct to all subsidiary Boards during their February cycle. Any material feedback that may give rise to any changes will be brought back to the RAAG Committee for consideration and an onward recommendation to the Group Board.
- 4.27 We propose to implement the updated Code of Conduct from 1 April 2024, with recertification taking place annually in August each year (from August 2025), which would align with the finalisation of our Group Annual Assurance Statement.

Governing Body Expenses and Allowances Policy

- 4.28 We have taken the opportunity to review our Governing Body Expenses and Allowances Policy. Overall, the policy remains fit for purpose and only minor updates are proposed, for example, to strengthen the wording in relation to our Freedom of Information obligations.
- 4.29 Although it has not been claimed by any Board member for some time, we have also updated the compensatory payments for loss of earnings to match the living wage. A copy of the policy is attached at Appendix 5; this has been considered by the RAAG Committee and recommended for approval.

5. Customer Engagement

- 5.1 As internal governance-related matters, the content of the report is reserved to the Board. As such no customer engagement has been appropriate.

6. Environmental and sustainability implications

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

7. Digital transformation alignment

- 7.1 There are no links to the digital transformation programme associated with this report.

8. Financial and value for money implications

- 8.1 Board expenses and remuneration are included within our overall annual budget. Our remuneration benchmarking activity shows that our remuneration is commensurate with other similar organisations.

9. Legal, regulatory and charitable implications

- 9.1 The Scottish Housing Regulator's (SHR) Regulatory Framework sets out that, where payment is to be offered to Board members, this must be within a clear policy framework and the RSL must make sure it acts with transparency, honesty and propriety, and avoids any public perception of improper conduct. The remuneration policy addresses all of these points and accordingly, is compliant with regulatory requirements.
- 9.2 The SHR Regulatory Standards of Governance require that all RSLs uphold and promote standards of behaviour expected of Board members through 'an appropriate Code of Conduct'. By adopting the SFHA Model Code for RSLs we will comply with the requirements of the Regulatory Standards.

10. Risk appetite and assessment

- 10.1 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".
- 10.2 A specific strategic risk on our corporate risk register is that the Board and our committees will not have the relevant skills and experience. Board remuneration is one element of our approach to mitigate this risk.
- 10.3 By adopting the SFHA Model Code for RSLs we will comply with the requirements of the Regulatory Standards.

11. Equalities implications

- 11.1 The allowances within the Governing Body Expenses and Allowances Policy such as covering childcare, carers and loss of earnings are designed to be as inclusive as possible. Additionally, the specific allowance for tenant members was introduced to ensure no individual was disadvantaged or out of pocket in undertaking their role.
- 11.2 The remuneration policy sets out a clear and transparent approach to what roles are remunerated and at what level they will be remunerated. It also has a strong focus on standardised rates. This supports mitigating any issues about equal pay as remuneration is by default based on the role, not the individual.

12. Key issues and conclusions

- 12.1 We continue to review our policies and practices as well as benchmark these against relevant organisations. Our proposed new Group Code of Conduct is both streamlined and in line with the wider housing sector in Scotland. Our updated expenses policy helps to ensure we have a clear framework for reimbursing Board members.
- 12.2 Subject to Group Board approval we will take the updated Code of Conduct and updated Governing Body Expenses and Allowances Policy to all subsidiary Boards in February with a view to implementation from 1 April 2024.
- 12.3 Having regard to the benchmarking analysis, we have found that our payment levels are consistent with the sector and are set at a level that is appropriate to meet our needs without being excessive.

13. Recommendations

13.1 The Board is asked to:

- 1) Approve the revised Group Board Remuneration Policy and remuneration levels as set out in paragraph 4.9;
- 2) Approve the revised Group Code of Conduct and associated breach protocol; and
- 3) Approve the updated Governing Body Member Expenses and Allowances Policy.

LIST OF APPENDICES:

Appendix 1: Group Policy on Governing Body Remuneration (tracked changes)

Appendix 2: Code of Conduct for Governing body members (Revised)

Appendix 3: Code of Conduct for Governing body members (Guidance)

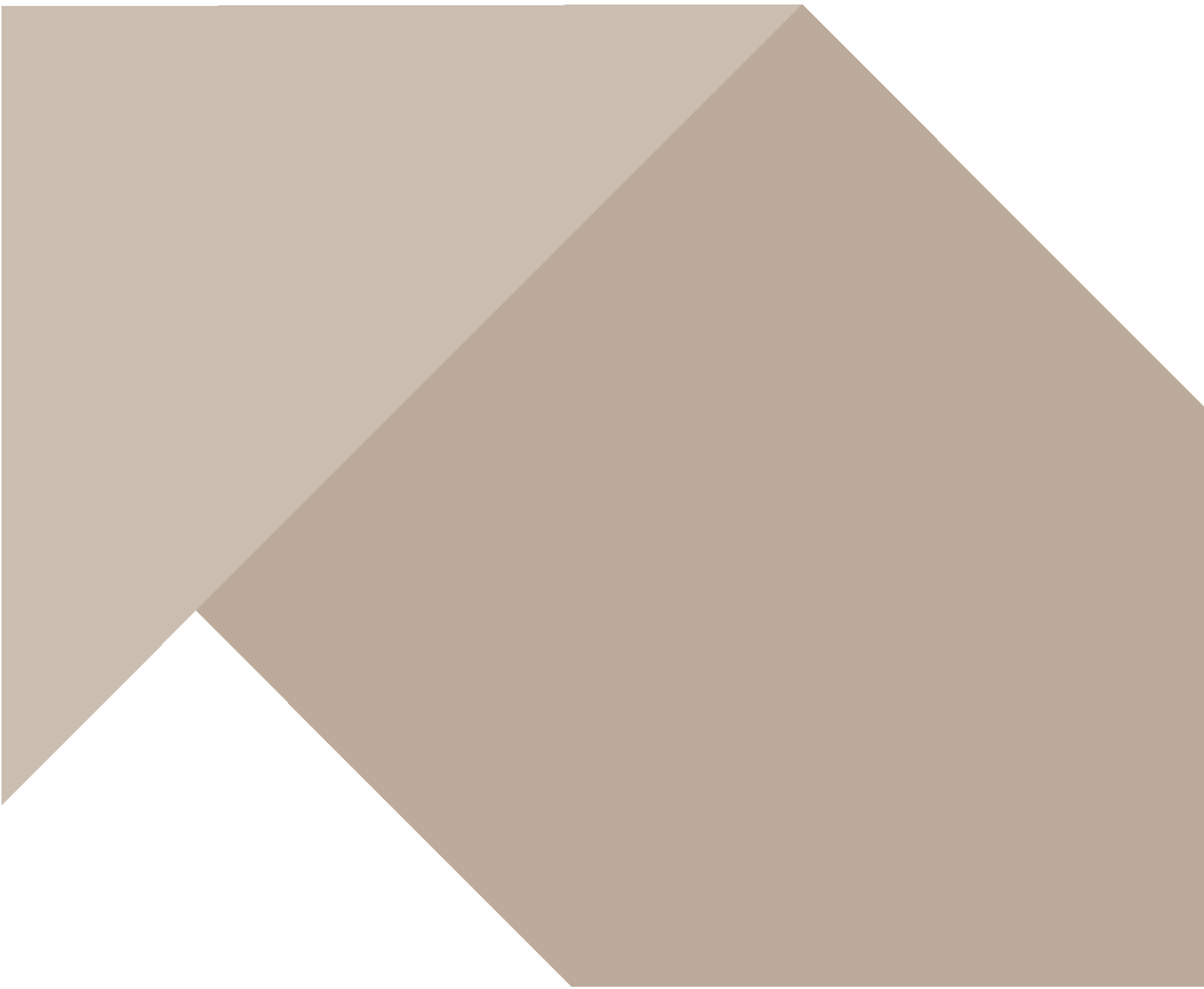
Appendix 4: Code of Conduct for Governing body members (Breach Protocol)

Appendix 5: [redacted] available [here](#)

Governing Body Remuneration Policy

November 2023

We will provide this policy on request at no extra cost translated or in large print, in Braille, on tape or in another non-written format



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Approval body	<i>Wheatley Housing Group Board</i>
Date of approval	
Review Year	<i>2026</i>
Customer engagement required	<i>No</i>
Trade union engagement required	<i>No</i>
Equality Impact Assessment	<i>No</i>

1. Introduction

- 1.1 The standards of governance required from Registered Social Landlords (“RSLs”) continue to increase and the Group is committed to ensuring that it has in place strong, effective governance. The Scottish Housing Regulator (“SHR”) sets out Regulatory Standards of Governance in its Regulatory Framework. The SHR states that:

“the people on the governing body, and the skills and knowledge they collectively have, are the most significant contributors to the good governance of an RSL”

- 1.2 We take seriously our duty to ensure that we have in place what is necessary to achieve and maintain effective governance of the Group, which plays a critical role in its success and in protecting the interests of tenants and service users. For governance to be effective, it is essential governing bodies have the appropriate blend and depth of skills and experience. Board remuneration is one of the ways to assist in attracting and retaining those with the talent, skills and experience we need for key non-executive positions in the Group, in what is a competitive market place.

2. Aims and Objectives

- 2.1 The Wheatley Housing Group is a large, complex group which operates in a regulated environment. The Governing Body Remuneration Policy is intended to set out our approach to non-executive remuneration, for different roles and in different parts of the Group, in a clear way; and to demonstrate how we assess value for money. As an organisation in the public eye, and as a matter of good business practice, we also want to give others confidence that our remuneration arrangements are transparent, considered and proportionate.

- 2.2 This policy is a Group Policy and aims to:

- set out our approach to remuneration of governing body members
- set out how we determine the level of remuneration
- set out how we review levels of remuneration
- set out how we assess performance of those who receive remuneration.

3. Approach to Board remuneration – key principles

- 3.1 The Wheatley Housing Group operates a group structure, with a mix of Boards across the Group. For the purposes of the policy, the Boards are distinguished as either the Group Board or Subsidiary Board. Committees refer to Group Committees.

3.2 In determining our approach to Board remuneration for any Board within the Group, we will take account of the following factors:

- The size, complexity and resources of organisation (or Group)
- The likelihood that offering payment—remuneration would improve governance by widening the talent pool; being competitive in the non-executive market place; and ensuring successful recruitment and subsequent retention of governing body members with the skills and experience we need
- That payment—remuneration should be linked to specific duties against which performance can be assessed
- The experience of other UK landlords operating on a similar scale and of similar complexity; and
- Expert advice from our legal advisors and governance consultants.

Our overarching policy position is that, taking account of the above, we will use remuneration as one of our mechanisms to improve our governance and attract and retain the Board members we will need in the future.

3.3 No individual may be remunerated for more than one role, as defined in section 4.2. The level of remuneration for a role will vary to reflect the range and responsibilities and time commitment required.

3.3.4 The terms of reference of the Group Remuneration, Appointments, Appraisal and Governance (“RAAG”) Committee include specific responsibility for reviewing and making recommendations to the Group Board in relation to remuneration policy, and this includes the Group Policy for Board remuneration. The final decision on Board remuneration policy and on payment—remuneration levels rests with the Group Board.

3.43.5 **Group Board**

3.5.1 The Group Board has overall responsibility for governance across the Group; and its governing body members have the highest level of responsibility and accountability. The role of the Group Board is distinct from that of Subsidiary Boards, with the Group Board having ultimate responsibility for all group-wide issues and the performance and viability of the Group.

3.5.2 A high level of skills and experience are needed from its Board members. Non-executive roles on the Wheatley Board are, therefore, remunerated to attract and retain the talent needed.

3.5.3 The payment of Group Board Directors shall be on the basis that they will be expected to act as Directors of other entities—subsidiaries and Committees within the Group and also discharge other duties outside formal meetings. There shall be a standard remuneration rate for Group Board Directors, including co-optees and this will cover any additional subsidiary Board or Committee membership.

3.5.4 Where a Group Board Director is also a subsidiary or Committee Chair this shall be remunerated at a standard rate unless otherwise agreed by the Group Board. This includes both Group Board Non-Executive Directors who are appointed as subsidiary Chairs and Subsidiary Chair Directors.

3.5.5 The Group Board may at its discretion agree to remunerate a Committee or Subsidiary Chair at a non-standard rate based on factors such as the time commitment of the role, the size and scale of the organisation or the need for specialist skills, knowledge and experience.

3.5.6 The Senior Independent Director shall be remunerated at the same level as a subsidiary and Committee Chair.

~~3.5.3 With the exception of where they act as Chair of a Committee or Subsidiary Board, there shall, therefore, be no additional remuneration for work outside the Group Board. Where they are also the Chair of another entity or Committee, there may be additional remuneration as indicated in the payment classes in this policy, with the exception of the Group Chair and Group Vice-Chair, who are not additionally remunerated for chairing any Committee or Subsidiary.~~

3.6 Subsidiary Boards

Registered Social Landlords

~~3.6.1 Non-executive roles on Board members of RSL Subsidiary Boards shall be are ordinarily unremunerated positions. Any Subsidiary RSL Chair remuneration shall be directly connected with Group Board membership and not via individual RSLs. This is with the exceptions of:~~

The Chair of GHA

~~The Chair of any other Subsidiary Board, where discretion is retained for remuneration in recognition of the additional duties they may require to undertake in their capacity as Chair.~~

~~Specific Board members on commercial subsidiaries, who are not non-Executives on the Group Board, and where there has been a specific need for certain essential skills and experience.~~

Non RSL-Charitable Boards

3.6.2 Ordinary board members of non-RSL Charitable Boards shall be unremunerated positions. The Chair of a non-RSL charitable Board may be remunerated either by virtue of also being a Group Board director or at the Group Board's discretion where the Board considers that remuneration would attract an individual with skill, experience or a public profile that it considers necessary for the role from time to time.

3.6.3 In the event that the Chair is remunerated, they shall be remunerated by the Group rather than directly by the non-RSL Charitable subsidiary.

Commercial Subsidiary Boards

3.6.4 For these exceptions, any remuneration would subject to to Group Board approval, ordinarily based on a recommendation from the Group RAAG Committee, and be set in line with the classes of payment set out in this policy. Governing body members of a non-charitable Board shall ordinarily not be remunerated save where the Group Board determines that:

- remuneration would attract skills and experience which would enhance the overall effectiveness of the governing body ; and/or

- a substantial time commitment may be required and remuneration would support attracting the necessary skills and experience and time commitment

In the event that such members are remunerated, they shall be remunerated by the Group rather than directly by the non-Charitable subsidiary. The remuneration shall be at a standard remuneration rate.

~~3.5.43.6.5~~ The payment of Group Board Directors also on Subsidiary Boards is set out under Group Board, above.

3.63.7 **Group Committees**

The payment of Group Board Directors also on Committees is set out under Group Board, above.

Committees may from time to time co-opt additional members where the Committee membership requires additional members with relevant skills and experience. Such co-optees may be remunerated and the remuneration shall be at a standard rate.

4. Setting payment levels

4.1 We recognise that as a Group which is in receipt of public funds, we have a duty to ensure that levels are appropriate and that we achieve value for money. In setting payment levels, we will:

- Seek independent external guidance
- Benchmark payment levels with comparator organisations
- Consider the total cost as a proportion of our income

4.2 Payment levels will be subject to review by the Group RAAG Committee, and this will be undertaken at least every three years and recommendations made to the Group Board, with final decisions on payment levels resting with the Group Board.

4.3 Payment levels within the Group shall be classed as and remunerated at a standard rate for ~~as either the following roles:~~

- Group Chair
- ~~Group Vice-Chair~~
- Wheatley Homes Glasgow Chair
- ~~Group Committee Chair~~
- ~~Wheatley Solutions/ Wheatley Foundation Chair (only when combined with a Group Non-Executive role)~~ Senior Independent Director/Subsidiary Board/Committee Chair + Group Board Director
- Non-RSL Charitable Board Chair
- Group Board Director (All those individuals registered at Companies House as company directors)
- ~~GHA Chair~~
- ~~DGHP Chair~~
- ~~Commercial Subsidiary Chair (Lowther Homes)~~
- Commercial Subsidiary Board member (by exception)
- ~~Non-Group Board member~~ Group Audit Committee members co-optee (Group Development and Audit committees)

- 4.4 The remuneration of all classes of payment is 100% fixed, with no variable element. A standard remuneration rate shall apply for each class of payment save where the Board, based on the recommendation of the Group RAAG Committee, agrees at its discretion to a non-standard rate.
- 4.5 Directors who are employees of the Group are excluded from receiving any additional remuneration by virtue of serving on the Board of any entity within the Group.

5. Payment Options

- 5.1 Payments shall be made in arrears on a monthly basis unless requested otherwise. Unless otherwise agreed, income tax will be deducted at source.
- 5.2 A Director may choose to covenant payment to a charitable entity within the Group or elsewhere. In this instance, the Director is responsible for making the necessary arrangements for associated tax liabilities.
- 5.3 We will – if requested - arrange and pay for individual external specialist advice to Board members about the implications of receiving payment.

6. Director's Duties

- 6.1 Directors shall only be entitled to receive remuneration for their role upon agreeing to enter into a services contract. The services contract shall be a legally binding document which sets out the terms of their appointment, in particular:
- Termination arrangements
 - Time commitment
 - Roles and duties
 - Fees and expenses
 - Post-termination restrictions
- 6.2 A model services contract shall be used for appointments, which will be subject to review from time to time.
- 6.3 The services contract makes it clear that non-executive Directors are not employees of the Group and do not have employment rights, the relationship being a contractual one.

7. Monitoring of performance

- 7.1 All directors in receipt of remuneration shall be subject to an annual performance review, based on the terms of their services contract. This will be conducted in conjunction with the Board appraisal policy, which is contained within the Group Standing Orders.
- 7.2 Participation in the Board appraisal shall be a mandatory requirement of receiving remuneration. Where a Director is found to have performed unsatisfactorily against the terms of their service contract, the Group RAAG Committee shall be entitled to reduce or withdraw remuneration until it is satisfied that a satisfactory level of performance is being achieved; or to make a recommendation to the Group Board relating to removal from the Board.

8. Disclosure

- 8.1 We recognise the need to be open, accountable and transparent. We shall publish annually in our Annual Report and financial statement our policy position on remuneration of governing body members and the total value of fees paid to directors in the financial year. This information shall be available publicly to customers, stakeholders and other parties.

9. Legal and Regulatory Framework

- 9.1 This policy takes account of legal and regulatory requirements. Legislation and regulatory standards relevant to this Policy include:

- Scottish Housing Regulator's – Regulatory Standards of Governance and Financial Management.
- Housing (Scotland) Act 2010
- Charity and Trustee Investment (Scotland) Act 2005

10. Equal Opportunities Statement

- 10.1 This Policy complies fully with the Group's Equal Opportunities Policy. We recognise our pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.

- 10.2 We are committed to providing fair and equal treatment for all our stakeholders including tenants and will not discriminate against anyone on the grounds of race, colour, ethnic or national origin, language, religion, belief, age, sex, sexual orientation, gender re-alignment, disability, marital status, pregnancy or maternity. Indeed we will positively endeavour to achieve fair outcomes for all.

- 10.3 We carry out Equality Impact Assessments when we review our policies. We check policies and associated procedures regularly for their equal opportunity implications. We take appropriate action to address inequalities likely to result or resulting from the implementation of the policy and procedures.

11. Policy Review

- 11.1 We will review this Policy at least triennially. More regular reviews will be considered where, for example, there is a need to respond to new legislation, regulation and policy guidance. Reviews will consider legislative, performance standard and good practice changes.

Code of Conduct for Governing Body Members

We will provide this code on request at no extra cost translated or in large print, in Braille, on tape or in another non-written format



Approval body	<i>Wheatley Housing Group Board</i>
Date of approval	
Review Year	<i>2026</i>
Customer engagement required	<i>No</i>
Trade union engagement required	<i>No</i>
Equality Impact Assessment	<i>No</i>

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1. Introduction

- 1.1 We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities.
- 1.2 This Code of Conduct sets out the requirements and expectations which are attached to your role as a Governing Body member. You have a personal responsibility to uphold the requirements of this Code. You cannot be a member of the Governing Body if you do not agree to adopt this Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign this Code annually.
- 1.3 As a Group whose Parent is a Registered Social Landlord (“RSL”), we are required to adopt and comply with an appropriate Code of Conduct. This Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations. The Scottish Housing Regulator (“SHR”) has confirmed that this Code fully complies with its Regulatory Standards.
- 1.4 This Code of Conduct is an important part of our governance arrangements. Members of a Governing Body are responsible for ensuring that they are familiar with the terms of this Code and that they always act in accordance with its requirements and expectations. Governing Body Members must always ensure their actions accord with the legal duties and any applicable regulatory guidance.
- 1.5 If a member of the Governing Body appears to have breached any part of this Code, the matter will be investigated in accordance with the approved Group protocol. A breach of this Code may result in action being taken by the Governing Body to remove the member(s) involved.

2. Who the Code applies to

- 2.1 This Code of Conduct applies to all elected, appointed and co-opted members of our Group Governing Body, its sub-committees and members of the Governing Bodies of any Wheatley Group subsidiary organisation and/or their sub-committees.

3. How the Code is structured

- 3.1 The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.¹
- 3.2 Each principle is described, as it applies to the activities of a governing body and its Governing Body Members, and supporting guidance is offered for each to provide more explanation of the Code’s requirements. The guidance is not exhaustive, and it should be remembered that Governing Body Members are responsible for ensuring that their conduct at all times meets high standards.

¹ Committee for Standards in Public Life 1994, [Nolan Principles on Standards in Public Life](#)

4. The Principles

4.1 The seven principles and what they mean for the purposes of this Code are:

- A. **Selflessness**
- B. **Openness**
- C. **Honesty**
- D. **Objectivity**
- E. **Integrity**
- F. **Accountability**
- G. **Leadership**

A. Selflessness

You must act in the best interests of the organisation you are a governing body member of at all times and must take decisions that support and promote our strategic plan, aims and objectives. Members of the Governing Body should not promote the interests of a particular group or body of opinion to the exclusion of others.

- A.1** I will always uphold and promote the organisation's aims, objectives and values and act to ensure their successful achievement;
- A.2** I will exercise the authority that comes with my role as a governing body member responsibly;
- A.3** I will accept responsibility for all decisions properly reached by the Board/Committee (or a sub-committee or working group with appropriately delegated responsibility) and support them at all times, even if I did not agree with the decision when it was made;
- A.4** I will consider and respect the views of others;
- A.5** I will not seek to use my position inappropriately to influence decisions that are the responsibility of staff; and
- A.6** I will not seek to use my influence inappropriately or for personal gain or advantage or for the benefit of someone to whom I am closely connected² or their business interests.

² As defined in the Group Policy on Payments, Benefits, Gifts and Hospitality”

B. Openness

You must be transparent in all of your actions; you must declare and record all relevant personal and business interests and must be able to explain your actions.

- B.1** I will use my best endeavours and exercise reasonable skill and care in the conduct of my duties;
- B.2** I will avoid any situation that could give rise to suspicion or suggest improper conduct;
- B.3** I will declare any personal interest(s) and manage openly and appropriately any conflicts of interest; I will observe the requirements of our Conflicts of Interest Policy. I will keep my entry in the Register of Interests complete, accurate and up to date. I will make an annual statement to confirm my declarations are accurate;
- B.4** I will not accept any offers of gifts or hospitality from individuals or organisations which might reasonably create – or be capable of creating – an impression of impropriety or influence or place me under an obligation to these individuals or organisations. I will comply with the Group policy on Payments, Benefits Gifts and Hospitality Policy or equivalent;
- B.5** I will ensure that, in carrying out my role as a Governing Body member, I am informed about and take account of the views, needs and demands of tenants and service users;
- B.6** I will ensure that the organisation is open about the way in which it conducts its affairs and positive about how it responds to requests for information; and
- B.7** I will not prevent people or bodies from being provided with information that they are entitled to receive.

C. Honesty

You must ensure that you always act in the best interests of the organisation and that all activities are transparent and accountable.

- C.1** I will always act honestly and in good faith when undertaking my responsibilities as a Governing Body member;
- C.2** I will use my experience, skills, knowledge and judgement effectively to support our activities;
- C.3** I will ensure that decisions are always taken and recorded in accordance with our Rules and procedures;
- C.4** I will ensure that the organisation has an effective whistleblowing policy and procedures to enable, encourage and support any staff or Governing Body member to report any concerns they have about possible fraud, corruption or other wrongdoing;³
- C.5** I will report any concerns or suspicions about possible fraud, corruption or other wrongdoing to the appropriate senior person within the organisation in accordance with our whistleblowing policy;
- C.6** I will comply with all policies and procedures regarding the use of our funds and resources⁴ and I will not misuse, contribute to or condone the misuse of these resources;
- C.7** We forbid all forms of bribery, meaning a financial or other advantage or inducement intended to persuade someone to perform improperly any function or activity. I will neither accept from nor give bribes or any other inducement to anyone. I will comply with our policy on anti-fraud and bribery and will report any instances of suspected bribery or corruption within the organisation or any of its business partners; and
- C.8** I will ensure that neither I nor someone closely connected to me receives or is seen to receive preferential treatment relating to any services provided by the organisation or its contractors/suppliers. I will declare all interests openly and ensure they are effectively managed to demonstrate this.

³ These concerns might include, but are not confined to, suspected fraud, dishonesty, breach of the law, poor practice, non-compliance with regulatory requirements, misconduct, breach of this code.

⁴ Resources include people, equipment, buildings, ICT, funds, knowledge, stationery, transport

D. Objectivity:

You must consider all matters on their merits; you must base your decisions on the information and advice available and reach your decision independently.

- D.1** I will ensure that the decisions that I take are consistent with our aims and objectives and with the relevant legal and regulatory requirements (including those of the Scottish Housing Regulator, the Office of the Scottish Charity Regulator, the Financial Conduct Authority and the Care Inspectorate);
- D.2** I will prepare effectively for meetings and ensure I have access to all necessary information to enable me to make well-informed decisions;
- D.3** I will monitor performance carefully to ensure that the organisation's purpose and objectives are achieved, and take timely and effective action to identify and address any weaknesses or failures;
- D.4** I will use my skills, knowledge and experience to review information critically and always take decisions in the best interests of the organisation, our tenants and our service users;
- D.5** I will ensure that our organisation seeks and takes account of additional information and external/independent and/or specialist advice where necessary and/or appropriate;
- D.6** I will ensure that effective policies and procedures are implemented so that all decisions are based on an adequate assessment of risk, deliver value for money, and ensure the financial well-being of the organisation; and
- D.7** I will contribute to the identification of training needs, keep my knowledge up to date, and participate in ongoing training that is organised or supported by us.

E. Integrity:

You must actively support and promote our values; you must not be influenced by personal interest in exercising your role and responsibilities.

- E.1** I will always treat my Board colleagues our staff, our customers and partners with respect and courtesy;
- E.2** I will always conduct myself in a courteous and professional manner; I will not, by my actions or behaviour, cause distress, alarm or offence;
- E.3** I will publicly support and promote our decisions, actions and activities; I will not, by my actions or behaviour, compromise or contradict the organisation, its activities, values, aims or objectives. I will notify the Chair quickly if I become aware of any situation or event that I am associated with which could affect our reputation;
- E.4** I will fulfil my responsibilities as they are set out in the relevant role description(s); I will maintain relationships that are professional, constructive and that do not conflict with my role as a governing body member;
- E.5** I will comply with, support and promote our policies relating to equality, diversity and human rights as well as uphold our whistleblowing and acceptable use policies;
- E.6** I will respect confidentiality and ensure that I do not disclose information to anyone who is not entitled to receive it, both whilst I am a member of the Board and after I have left;
- E.7** I will observe and uphold the legal requirements and our policies in respect of the storage and handling of information, including personal and financial information;
- E.8** I will not make inappropriate or improper use of, or otherwise abuse, our resources or facilities and will comply with our policies and procedures regarding the use of our funds and resources; and
- E.9** I will not seek or accept benefits, gifts, hospitality or inducements in connection with my role as a member of our Governing Body (other than where permitted by the policy), or anything that could reasonably be regarded as likely to influence my judgement. I will not benefit, or be perceived to benefit, inappropriately from my involvement with the organisation and will comply with our policies on the matter.

F. Accountability

You must take responsibility for and be able to explain your actions, and demonstrate that your contribution to our governance is effective.

- F.1** I will observe and uphold the principles and requirements of applicable regulatory frameworks, and gain assurance that relevant statutory and regulatory guidance and our legal obligations are fulfilled;
- F.2** I will ensure that we have effective systems in place to monitor and report our performance and that corrective action is taken as soon as the need is identified;
- F.3** I will contribute positively to our activities by regularly attending and participating constructively in meetings of the Board, its committees and working groups;
- F.4** I will participate in and contribute to an annual review of the contribution I have made to our governance;
- F.5** I will not speak or comment in public on our behalf without specific authority to do so;
- F.6** I will co-operate with any investigations or inquiries instructed in connection with this Code whilst I am a governing body member and after I have left;
- F.7** I recognise that the Governing Body as a whole is accountable to its customers and I will demonstrate this in exercising my judgement and in my decision-making; and
- F.8** I will always be courteous and polite and behave appropriately when acting on our behalf.

G. Leadership:

You must uphold our principles and values and lead the organisation by example.

- G.1** I will ensure that our strategic aims, objectives and activities deliver good outcomes for our customers. I will make an effective contribution to our strategic leadership;
- G.2** I will ensure that our aims and objectives reflect and are informed by the views of our customers.
- G.3** I will always be a positive ambassador for the organisation.
- G.4** I will participate in and contribute to the annual review of the Governing Body's effectiveness and help to identify and attain the range of skills that we need to meet our strategic objectives.
- G.5** I will not criticise or undermine the organisation or our actions in public.
- G.6** I will not criticise staff in public; I will discuss any staffing related concerns privately with the Chair and/or Senior Officer.
- G.7** I will not harass, bully or attempt to intimidate anyone.
- G.8** I will not use social media to criticise or make inappropriate comments about the organisation, its actions or any member of the Board staff or other partners.
- G.9** I will not act in a way that could jeopardise our reputation or bring us into disrepute.⁵

⁵ This includes activities on social media, blogs and networking sites.

5. Declaring and Managing Personal Interests

- 5.1 Where you have a personal, business or financial interest in any matter that is relevant to our activities or is being considered (or is likely to be considered), or you know that someone to whom you are closely connected has such an interest, you must declare it promptly and record it in our Register of Interests.
- 5.2 It is your responsibility to keep your Register of Interests complete, accurate and up to date.

6. Breach of this Code

- 6.1 Each member of the Governing Body has a personal and individual responsibility to promote and uphold the requirements of this Code. If any member of the Governing Body believes that they may have breached the Code or has witnessed or has become aware of a potential breach by another member, they should immediately bring the matter to the attention of their Chair.
- 6.2 Alleged breaches of the Code of Conduct must be reported to the Company Secretary and Group Chair. In the case of a subsidiary, the alleged breach should be reported to the Chair of the subsidiary in the first instance (where appropriate). Any alleged breaches of this code shall be investigated by the Group Remuneration, Appointments, Appraisal and Governance Committee. The procedure for dealing with alleged breaches is described in the Breach protocol.
- 6.3 Each member of the Governing Body has a duty to co-operate with and contribute to any investigation relating to the Code of Conduct

7. Acceptance

I have read and understood the terms of this Code of Conduct and I agree to uphold its requirements in all my activities as a member of our Governing Body. I am aware that I must declare and manage any personal interests. I agree to review all relevant Registers regularly to ensure that all entries relating to me are accurate. I understand that, if I am found to have breached this Code of Conduct, action will be taken by the Governing Body which could result in my removal.

Name.....

Date.....

Supporting Guidance to the Code of Conduct for Wheatley Group governing body members

This Guidance has been prepared for governing body members of the Wheatley Group and its subsidiaries, to support the adoption of our Code of Conduct (the Code). All governing body members must sign the Code of Conduct when they are elected, co-opted or appointed, and then on an annual basis thereafter. References throughout this Code of Conduct to 'we', 'us' and 'our' mean Wheatley Housing Group Limited and any of its subsidiary undertakings (including Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South, Loretto Housing, Lowther Homes, Wheatley Care, Wheatley Foundation, Wheatley Solutions)

We attach the greatest importance to ensuring that high standards of governance and ethical behaviour are demonstrated by all of our people and in all of our activities. Our Code of Conduct sets out the requirements and expectations which are attached to your role as a governing body member. You have a personal responsibility to uphold both the spirit and the requirements of our Code.

Our Code of Conduct is an important part of our governance arrangements. It is supported by the Role description which describes your responsibilities as a governing body member. You are responsible for ensuring that you are familiar with the terms of the Code and that you always act in accordance with its requirements and expectations. Governing body members must always ensure their actions accord with the legal duties of the company and with regulatory guidance. You must also ensure you are familiar with any policies which are linked to this code.

As Registered Social Landlords (RSLs), Wheatley Housing Group, Wheatley Homes Glasgow, Loretto Housing, Wheatley Homes East and Wheatley Homes South are required to adopt and comply with an appropriate Code of Conduct¹. Our Code is based on the Model Code of Conduct produced by the Scottish Federation of Housing Associations (2021), which the Scottish Housing Regulator (SHR) has confirmed fully complies with its regulatory requirements. The provisions of the Code are based on good governance. We have extended the Code to apply to all entities within our group.

You cannot be a member of a governing body if you do not agree to adopt our Code of Conduct. To confirm that you understand its requirements and accept its terms, you must review and sign the Code annually.

Each year, following the AGM, governing body members will be asked to sign and date our Code of Conduct to confirm your commitment to the principles, requirements and expectations that it describes and to meet the requirements of our rules. A copy of our Code, showing your signature throughout your membership of the governing body will be retained by us, in accordance with our Data Protection/Privacy policy.

¹ Scottish Housing Regulator (2019) Regulatory Framework, [Regulatory Standard 5.2](#)

Our Code of Conduct applies to all elected, appointed and co-opted members of our governing body and its sub-committees and to the governing bodies of all subsidiaries and members of Wheatley Group.

Breach of the Code

If a complaint is made or concern is raised that a member of the governing body may have breached any part of our Code, the matter will be investigated in accordance with the Protocol which has been approved by the Wheatley Group Board. The protocol forms part of our governance policies and is accessible from the Director of Governance and on our Board portals.

How the Code is structured

We have adopted the Scottish Federation of Housing Associations (“SFHA”) Model Code of Conduct. The Code is based on the seven principles which are recognised as providing a framework for good governance. They demonstrate honesty, integrity and probity.²

This guidance is offered to support the application of the Code of Conduct by providing some illustrations of the practical application of the Code’s requirements. It is emphasised that the guidance is not exhaustive.

It must be remembered that governing body members are always responsible for ensuring that their conduct at all times meets the high standards that we are recognised for upholding.

The Principles of the Code

The seven principles of the Code are:

- A. [Selflessness](#)
- B. [Openness](#)
- C. [Honesty](#)
- D. [Objectivity](#)
- E. [Integrity](#)
- F. [Accountability](#)
- G. [Leadership](#)

² Committee for Standards in Public Life (May 1995), [Nolan Principles](#)

The remainder of this guidance offers some illustrations of how each of the principles may be applied to your role as a governing body member. There are references throughout to the need for governing body members to 'be familiar' with the terms of policies and other documents. This does not mean that you need to know the detailed content of all the documents but rather you should be aware of their key principles and have ready access to them in the event that the detail is necessary.

A. Selflessness

This principle emphasises the importance of governing body members acting in our best interests at all times and taking decisions that will support delivery of our objectives. Although individual governing body members bring knowledge and experience to their role, you are not a representative for a specific interest or group: your experience and knowledge should inform your contribution to discussion but your decision-making should be influenced by our aims and objectives and not individual or specific interests. In practice, this means that you must always make a conscious effort to see the bigger picture and not concentrate just on the issues that are important to you.

A1 refers to upholding our values, which are included at 1.1 in the introduction of our Code.

The principle contains a commitment to always support and uphold the governing body decisions and our actions (A3): if a governing body member were to actively undermine or publicly contradict or disagree with decisions and/or actions, this may constitute a breach. E3 of the Code contains a parallel commitment: if a decision is taken by the governing body that a member fundamentally disagrees with and cannot support, it may be that resignation should be considered.

This principle is not intended to prevent a governing body member from disagreeing with a proposal during a meeting or from recording their dissent from a decision; rather it is intended to ensure that no member of the governing body actively and/ or publicly undermines the organisation. In practice, this means, for example, that you should not question in public why a decision was taken or criticise the organisation. It is only if a governing body member actively undermines or disagrees with a decision or action that a breach of the Code may arise. A similar provision is contained in the Code of Conduct for staff.

A4 specifies that governing body members will always be respectful to others: this means, among other things, that you must uphold and be familiar with our policies relating to Equalities and Human Rights and Dignity at Work. This requirement relates to all of your engagements with governing body colleagues and staff, tenants and customers, partners and agents. In practice, this means listening to and considering other views and respecting opinions even if they are very different from your own. It also applies to wider conduct: E1, E2 and E3 are specific about the responsibilities of governing body members to ensure that they do not bring the organisation into disrepute.

The Code stresses that governing body members should not stray into operational matters or seek to use their influence (A6) inappropriately or for personal gain. This means that governing body members should always refer individual matters relating to themselves or someone they know or in which they have an interest to the relevant member of staff or to the Director of Governance for onward delegation.

B. Openness

This principle sets the framework for ensuring that, in all of our activities and in all your actions, transparency and openness are evident. In practice, this means that you must identify and declare all personal interests which are relevant to our work and to your role with us. You must be familiar with the process for declaring interests and you must make sure that the Register of Interests is accurate and up to date at all times. You must ensure that you are well informed about our policy on declaring interests, which forms part of our EPB (Entitlements, Payments and Benefits) Policy (B3).

You must always be careful and cautious about how your actions may be viewed by others and take care to avoid anything which could compromise or embarrass you or us (B2). In practice, this means that you cannot accept gifts or hospitality that are not permitted by our Payments, Benefits, Gifts and Hospitality policy.

B5 reflects the requirements of SHR's regulatory standard 2 by emphasising the importance of governing body members being well-informed about the needs and priorities of tenants. In practice, this may include considering information from Tenant Scrutiny groups, monitoring tenant satisfaction and landlord performance data, offering/considering insight provided from individual governing body members' experiences of their landlord. governing body members should use this information to inform their consideration of the business that is brought to the governing body.

Some of our group are covered by the requirements of the Freedom of Information (Scotland) Act. For our RSLs, the SHR's Regulatory Framework requires them to be open and accountable for what they do³. As a member of a governing body, you are responsible for ensuring that we comply with these legal and regulatory requirements: in practice, this means monitoring our compliance and ensuring that we communicate openly and respond effectively to tenants, customers, regulators, funders and partners.

The governing body should oversee a culture of openness throughout the organisation – in our communications, access to our website, engagement with tenants and customers and willingness to provide information and answer questions. In practice, this means working on the basis that information will be made available unless there is a good reason for it being withheld. At the same time, you must also ensure that confidentiality is respected (B6 and B7 require that information is made available but E6 also requires that confidentiality must be ensured). This means that it is important for governing body members to be involved in agreeing the policy framework that supports how we categorise information.

³ Regulatory Standard 2 (SHR Regulatory Framework 2019)

C. Honesty

This principle emphasises the importance of always acting honestly and in good faith in undertaking your role as a governing body member; it also supplements the principle of Openness. To uphold this principle, you should ensure that you are familiar with our rules, standing orders and scheme of delegation, as well as our governance policies and procedures (C3).

C4 requires you to be aware of the terms of our Whistleblowing Policy: in practice, this means that the governing body, collectively, must be assured that the policy is fit for purpose (SHR has issued Statutory Guidance on Whistleblowing) and that there is regular training provided for governing body members and staff on its terms. Governing body members must also ensure that there are effective procedures in place for whistleblowing allegations to be made and investigated, with adequate safeguards in place to protect complainants. Governing body members have an individual duty to report any concerns that you may have about possible fraud, corruption or wrongdoing (C5 and C7). You must, therefore, be familiar with the terms of our Anti-Fraud, Bribery and Corruption policy. You are expressly forbidden to accept any gifts or other inducements which might create, or be capable of creating, a sense of obligation to another party.

C6 stresses your commitment to ensure that our funds and resources are used properly and for legitimate purposes. This means that decisions about what we do and how we act must fit with, amongst other things, our permitted purpose, and objectives, our business plan and the terms of our loans and grant-making authorities.

C8 further emphasises⁴ your responsibility to ensure that neither you nor someone closely connected to you is seen to benefit inappropriately from your role with us and to be very open in declaring all relevant personal interests. In practice, this means ensuring that you are not involved in any decisions which personally impact or affect you or someone you are close to.

D. Objectivity

This principle is about the need to ensure that you make decisions based on an objective consideration of the information that is presented to you in reports. In practice, this means that you must be satisfied that you have access to all of the information you need to fulfil your responsibilities, whilst – at the same time – being mindful of and respecting the distinct roles of governing body members (strategic) and senior staff (operational).

D1 reflects the provisions of Regulatory Standard 1 by committing governing body members to ensuring that decisions are consistent with all legal, constitutional and regulatory requirements. This means that governing body members must be familiar with these provisions. Reports should refer and draw attention to the relevant legal, regulatory and financial constraints/conditions, with Minutes recording that these have been adequately considered.

⁴ A6 and B3 are also relevant

D2 is explicit about the importance of preparing adequately for meetings – our role description contains an indication of the time that is likely to be involved in meeting preparation. Preparation includes reading all of the reports and also accessing any additional information that may be available (e.g. supplementary reports) and which you feel is necessary. This might also involve the governing body requesting that specialist or independent advice is obtained (D5 and Regulatory Standard 4.1) – and individual members being aware of when it is appropriate and/or necessary to do so (D5).

D6 describes the responsibility of governing body members to ensure that the organisation has an effective and robust framework for assessing and managing risk: this includes being satisfied about the delegation of authority, operation and reporting of e.g. the Audit and Risk sub-committee. It also relates to the operation of financial regulations and the effectiveness of financial planning, budget preparation, forecasting and reporting. Regulatory Standard 3 is relevant to this principle.

In order to be objective, governing body members must be well-informed about the organisation's business and operating environments as well as the sector and economic policy and strategy contexts. D7 commits governing body members to participate in regular training to keep their knowledge up to date. Of course, no one is expected to be an expert in everything but there is an expectation that each governing body member will help to identify their own ongoing training needs and the priorities collectively – this will be an element of the annual review of the governing body's effectiveness (as required by Regulatory Standard 6.5).

E. Integrity

This principle focuses on the importance of always acting in our best interests and actively promoting our values, aims and objectives and reflects many of the other principles in the Code.

E1 and E2 echo A4: governing body members must be respectful and courteous in all that you do: in practice, this means being prepared to 'agree to disagree' when strong opinions are held and being tolerant of views and perspectives which might be very different from your own. It also means recognising and acknowledging that what is acceptable in terms of language and conduct can change and being mindful that differences in cultures, faiths and beliefs can be very significant and sensitive.

E3 complements A3 in terms of publicly promoting and supporting us and our activities but it also includes a commitment to notify the Chair as soon as you become aware of anything that might compromise us or our interests. In practice, this might include being associated with, for example, a community council's opposition to a planning application that we have made or being involved in something that may become public and which could embarrass us.

E4 refers to the role descriptions that we have adopted: all governing body members must be familiar with the terms of their role description and, for office bearers, there will be more than one. In practice, this principle seeks to ensure that relationships are professional: amicable and constructive with respect for the boundaries between the strategic role of the governing body member and the operational responsibilities of senior staff.

E5 complements A4 and is a specific commitment to uphold our Equality and Diversity and Whistleblowing policies: this reflects the regulatory requirement for us to have a whistleblowing policy and the Regulatory Standard that requires ‘clear procedures for employees and governing body members to raise concerns or whistleblow if they believe that there has been fraud, corruption or other wrongdoing within the RSL’⁵

E6 and E7 relate to confidentiality and the importance of maintaining it. This applies to the content of reports, discussions at governing body and committee meetings and all other business that you have access to in your role as a governing body member. Upholding this principle requires you not to discuss anything that is identified as being confidential with anyone who is not entitled to the information; it also means making sure that any papers are stored securely (e.g. by means of passwords on laptops or other devices, in a locked drawer) and that on-line discussions can’t be overheard (e.g. if attending a virtual meeting). In applying this principle, you must also be mindful of our duties in respect of safeguarding personal information i.e. anything from which an individual can be identified.

F. Accountability

This principle is about the importance of taking personal responsibility for your contribution to our governance. In practice, this means being active in your role as a governing body member – asking questions, critically reviewing information and monitoring performance and participating in strategy and planning events (F3).

F1 is a specific commitment to upholding legal and regulatory requirements: in practice, this means that you should feel assured and satisfied, as far as you reasonably can, that we are compliant with our legal and regulatory obligations as well as our own internally set standards. Your assurance will come from your participation in our governance – the reports, discussions, external advice and audits that you are asked to consider and which form the evidence for the governing body annual Assurance Statement (F2).

As a governing body member, you are expected to participate in an annual review of the effectiveness of your own contribution (F4) and of our overall governance (G4). As well as being a principle of the Code, this is also a regulatory requirement (Regulatory Standard 6.3, 6.3).

F6 places a responsibility on each governing body member to be assured that there is an effective process in place for appraisal of the senior management. In practice, this also means ensuring that senior management is adequately supported as well as being held to account for the achievement of both corporate and individual objectives. governing body members must also be satisfied that the annual appraisal is carried out effectively and that its outcome is reported to the governing body.

⁵ Regulatory Standard 5.6

Our Scheme of Delegation identifies who is authorised to make public comments on our behalf; it is not normally appropriate for an individual governing body member to speak in public without prior agreement from the Chair. This includes, for example, accepting an invitation to contribute to a conference or event because of your role with us. The Code's principles also extend to social media activities (F7, G7).

F8 is a specific commitment to participate in and co-operate with any investigations that may be instructed relating to the Code, involving you either directly or as a witness. This obligation extends beyond your term of membership of the governing body which means that your co-operation may be requested when you are no longer a member of the governing body. It is unlikely that you would be asked to contribute to any such investigation more than two years after you have left.

F9 requires governing body members to ensure that the best interests of customers, tenants and service users guide planning and decision-making. In practice, this means being informed and taking account of the views of customers, tenants and service users in all aspects of your role and ensuring that reports contain sufficient information to give you assurance that proposals are similarly informed before you make a decision.

G. Leadership

The role of the governing body is to lead and direct the organisation to deliver good outcomes for our customers, tenants and service users⁶. This section of the Code sets out some specific expectations about that part of your role. It also stresses the importance of governing body members leading by example and making a positive and active contribution to our governance (G1, G2).

G3 echoes A3 and E3 by specifying your responsibility to be positive in your support for us and our work. In practice, this means representing us positively both when acting on our behalf and in your wider activities.

G4 complements the individual focus of F4 by being explicit that the governing body should review the overall effectiveness of its governance arrangements: this forms part of our annual review process, which also includes a review of the range of skills, knowledge and experience that the governing body collectively needs to fulfil its responsibilities. governing body members have a responsibility to contribute to the process of identifying any gaps and the best means of filling them (D7)⁷.

G5 supports G3 (and A3 and E3) by being explicit that you should not criticise us, our people or our actions in public. This does not mean that you cannot be critical or raise concerns – that is a key part of your responsibility as a governing body member – but you should always be constructive and objective in your challenge and criticism, which should be expressed at meetings and in discussions and with the relevant people, in accordance with our structures and procedures.

⁶ Regulatory Standard 1

⁷ Regulatory Standard 6.5

G6 is a specific commitment not to criticise or undermine (or appear to undermine) members of staff (individually or collectively) in public (including to customers, tenants or partners). Any concerns which you have should be raised directly and privately with the Chair.

G7 echoes provisions regarding bullying and harassment.

G8 supplements the principle at F7 by making specific reference to social media activity: all of the provisions of the Code apply to your presence on all social media platforms.

It is essential that governing body members are not associated with anything that could compromise us or bring us into disrepute. G9 echoes the provisions that are set out at E3 and E4. In all that you do, you must be mindful of any potential negative impact on us and, if you become aware of anything that could affect us, you must bring it to the attention of the Chair quickly (E3).

Protocol for Dealing with a Breach of the Code of Conduct

- 1.1 This procedure sets out the arrangements that will apply to potential breaches of the Code of Conduct, which are defined as follows:
 - (a) Breaches of the Code of Conduct (the Code) that occur during a meeting and involve a member being obstructive, offensive or disregarding the authority of the Chair
 - (b) Other complaints about the conduct of a Member of the Governing Body
 - (c) Information that suggests that there may have been a breach of the Code by a member of the Governing Body.
- 1.2 A breach of the Code by a RSL governing body member is a Notifiable Event. The governing body is responsible for ensuring that the necessary notifications are made to the Scottish Housing Regulator as soon as any breach comes to light, and that the SHR's requirements (in terms of reporting the outcome of the investigation) are met.

Conduct at meetings

- 2.1 Potential breaches that occur during the course of a meeting will normally be dealt with by the relevant Board Chair during the meeting and/or within 24 hours of the meeting. In these circumstances, the Chair may ask the member to leave the meeting or a vote may be taken to exclude the member from the rest of the meeting. After the meeting, the Chair will discuss such behaviour with the member and may require the member to apologise or take such other action as may be appropriate.
- 2.2 Where the Chair regards such behaviour as potentially meeting the threshold for a breach of the Code they must raise this with the Group Company Secretary and Group Chair to agree whether to refer it for investigation subsequently in accordance with the terms of this protocol. It may be the case that no one instance is a standalone breach of the Code but a pattern of behaviour in meetings represents a breach.

Other Complaints

- 3.1 Potential breaches of the Code may occur beyond business premises (e.g. whilst a Governing Body member is at an external meeting, a meeting with staff, attending a training event or conference or otherwise representing us, or whilst engaging in social networking). Potential breaches may also involve inappropriate conduct in relation to colleagues, staff or service users or failure to follow the requirements of an approved policy.
- 3.2 A potential breach of the Code, including repeated instances of poor conduct at meetings, will normally be the subject of an investigation.

- 3.3 Not all potential breaches will be the subject of complaints or allegations. Where they are, they do not have to be made in writing but the Chair and Group Company Secretary should ensure that there is always a written statement of the complaint or allegation that is used as the basis for the investigation.
- 3.4 In the event that an allegation is made anonymously, it will be considered for further investigation based on the available evidence to support the allegation. This will, where appropriate, be undertaken in conjunction with the Group Whistleblowing Policy.

Investigation of a potential breach

- 4.1 Allegations of a breach should normally be made to the relevant Board Chair or, where the complaint relates to the Chair, to the Group Chair or Group Company Secretary. The Chair should report the allegation to the Group Company Secretary and Group Chair, who in consultation with the Group RAAG Committee, will decide whether to take no further action, instruct an independent investigation or whether to carry out an internal investigation. No one who has any involvement in the complaint or the circumstances surrounding it will play any part in the investigation.
- 4.2 A potential breach of the Code which will be investigated will be notified to the relevant Governing body member and Governing Body by the Group Company Secretary within seven working days of it being agreed it will be investigated. The Governing Body Member must be notified in writing of the nature of the complaint and the arrangements proposed for investigation.
- 4.3 Any internal investigations will be carried out under a Terms of Reference agreed upon by the Group RAAG Committee. They will be supported in the conduct of the investigation by the Group Company Secretary.
- 4.4 Where the potential breach relates to the Group Chair, an independent investigation will be considered.
- 4.5 An independent investigation will normally be overseen by the Group Chair and one other RAAG Committee member, with support from the Group Company Secretary. In the event that the alleged breach relates to the Group Chair, the Senior Independent Director will oversee the investigation.
- 4.6 The Senior Independent Director and RAAG Committee, with any support they feel necessary, will brief the agreed advisor/investigator and then consider their recommendations at the end of the investigation, before reporting to the Governing Body. We will provide the investigator with a written brief that sets out the nature of the complaint and of the investigation to be carried out, as well as a timescale for completion and reporting. Investigations should not usually take more than six weeks to conclude. The advisor/investigator will normally present their report to the RAAG Committee.

- 4.7 The Governing Body Member whose conduct is being investigated will not be party to any of the discussions relating to the investigation. Any Governing Body Member who is the subject of a complaint is expected to co-operate with any investigation carried out. The Governing Body should agree to grant leave of absence to a member who is the subject of a complaint whilst an investigation is carried out.
- 4.8 A meeting of the RAAG Committee will be held to consider the report and recommendations from the investigation and to determine what action should be taken against any individual who is found to have been in breach of the Code.
- 4.9 The RAAG Committee will report the findings of the investigation and the proposed action to the member concerned within seven days of the meeting at which the report of the investigation was considered.
- 4.10 Where, following an investigation, it is concluded that a serious breach has occurred, the Governing Body may require the member to stand down from their position in accordance with the relevant constitution.
- 4.11 If it is proposed to remove a member the member will have the right to address the full RAAG Committee before their recommendation is made to the relevant governing body.

Action to Deal with a Breach

- 5.1 If, following investigation, a breach of the Code is considered to have occurred, action will be taken in response. This action will reflect the seriousness of the circumstances. It may take the form of some or all of the following:
- an informal discussion with the member concerned;
 - advice and assistance on how his or her conduct can be improved;
 - the offer of training or other form of support;
 - a formal censure; and/or
 - a recommendation of a vote to remove the Member from the Governing Body
- 5.2 Where the breach relates to a RSL governing body member the outcome of any investigation will be notified to the Scottish Housing Regulator.

Definitions

- 6.1 We will regard the following actions as likely to constitute a “serious breach” of the Code of Conduct (this list is not exhaustive):
- Failure to abide by the principle of collective responsibility regarding decisions made by the governing body;
 - Failure to act in our best interests and/or acting in a way that undermines or conflicts with the purposes for which we operate;
 - Support for, or participation in, any initiative, activity or campaign which directly or indirectly undermines or prejudices our interests or those of our customers, or our contractual obligations;

- Accepting a bribe or inducement from a third party designed to influence the decisions we make;
- Seeking to use the position as a governing body member to unduly influence others with the purpose of deriving personal gain (financial or non-financial); and
- Acting in an abusive way to any staff or governing body member.

Approval and Review

- 7.1 This protocol was approved by the Group Board on XXXX. It will be reviewed immediately following its implementation to deal with a potential breach or not later than ____ XXX, whichever is the earlier.

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 20 December 2023

1. Purpose

1.1 The purpose of this report is to provide the Board with the financial results for the period to 31 October 2023.

2. Authorising and strategic context

2.1 Under the Terms of Reference, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the performance of its finances throughout the year.

2.2 The economic outlook in the UK continues to be challenging. Inflation proved to be more resistant to interest rate increases than expected, with a strong labour market and higher wage settlements helping to maintain higher prices. While the CPI rate of 4.6% (at October 2023) decreased by 2.1% from September 2023 and is on a slow continued downward trend. Reductions into 2024 are still expected to be gradual with an unwinding to the long-term Bank of England target of 2% is now not likely to be achieved until the late 2025. Interest rates have stabilised in recent months, but are also expected to remain higher for longer, with cuts not expected until late 2024.

2.3 The key themes and aims of the 2021-26 strategy Your Home, Your Community, Your Future set the context for the preparation of the 2023/24 budget.

3. Background - Financial performance to 31 October 2023

3.1 The results for the period to 31 October as presented in Appendix 1 are:

£m	Year to Date (Period 7)		
	Actual	Budget	Variance
Turnover	236.2	229.2	7.0
Operating expenditure	(200.0)	(197.7)	(2.4)
Operating surplus	36.2	31.5	4.7
<i>Operating margin</i>	<i>15.3%</i>	<i>13.8%</i>	
Net interest payable	(39.6)	(38.9)	(0.7)
Statutory deficit	(3.4)	(7.4)	4.0
Net Capital Expenditure	71.6	88.2	16.6

4. Discussion

4.1 The Group is reporting a statutory deficit of £3.4m, £4.0m favourable to budget. Key drivers for the financial performance to date include a strong letting performance with lower levels of void rent loss reported, additional grant secured for adaptations to our existing homes and a higher level of new build grant recognised on completion. The previously reported higher costs for repairs to meet demand partially offsets the favourable variances.

4.2 Key variances against budget include:

- Within turnover, net rental income is £0.5m favourable to budget with a stronger performance in void rent loss levels driving the variance with void rent loss levels at 1.15% compared to the budget loss of 1.4%;
- New build grant income recognised to date relates to 194 units completed (129 SR and 65 MMR). The favourable variance of £4.6m is due to timing of completions in Glasgow, Loretto and WH East compared to the budgeted programme. Early completion in the financial year at Maddiston in Loretto and Raw Holdings in WH East and delayed completion of units at Sighthill in Glasgow planned for completion in 2022/23 contribute to the variance;
- Other grant income is £1,990k favourable to budget mainly arising from unbudgeted adaptation grant for WH Glasgow and WH South;
- In operating expenditure, total costs are £2.4m unfavourable to budget. This is primarily driven by higher spend on repairs and maintenance with lower expenditure than budgeted across staff costs and bad debts partially offsetting the additional repairs costs:
 - Revenue repairs and maintenance spend is £4.2m unfavourable to budget with spend 8.5% higher than the same period last year, reflecting a year on year increase in customer demand. In addition, the cost of materials have also been subject to inflationary increases. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency to manage repairs costs within the forecast spend;
 - Staff costs are £0.8m lower than budget due to £0.4m favourable variance for employee care contract costs in Wheatley Care. This relates to several services operating with staff vacancies against budget. A further £0.4m favourable variance arose due to staff vacancies in other subsidiaries; and
 - Bad debt costs are £1.2m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.
- Interest costs are £0.7m higher than budget due to the increase in variable interest rates during the year, with the current rate of [redacted] being higher than assumed in the budget.

4.3 Net capital expenditure is £16.6m lower than budget. Within this, new build spend is £42.7m lower which links through to new build grant income claimed which is £30.8m lower than budget for the period. There has been reduced spend across a number of sites in Loretto, WH East and WH South due to later site start dates. Lowther also had underspend due to delays at Ashgill Road and Victory Lane.

4.4 Net investment in our existing homes of £38.4m was £1.6m lower than budget. Higher spend to budget of £3.8m is noted from increased void improvements and capitalised repairs. Void work in WH South is now being carried out by an in-house team which is delivering cost efficiencies. Adaptation spend of £2.8m was funded by £2.5m adaptation grants including unbudgeted adaptation grant received for WH South and WH Glasgow of £2.0m.

4.5 The increase in repairs, interest costs, capitalised repairs and void improvements have created a financial pressure but been able to be managed within the overall 2023/24 annual budget. We have taken mitigating actions to allow our RSLs continue to operate within their financial covenants and golden rules. Our most recent Q2 forecast out-turn has informed the preparation of our 2024/25 business plan which will be presented at our February 2024 meeting.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

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

8. Financial and value for money implications

8.1 Overall, the statutory deficit of £3.4m is £4.0m favourable to budget at 31 October 2023. Within the RSL Borrower Group, an underlying surplus of £4.7m is reported which is £0.3m favourable to budget. The underlying surplus is stated after adjusting for accounting adjustments for the recognition of grant income for new build and depreciation but includes capital expenditure on existing properties.

9. Legal, regulatory and charitable implications

9.1 As noted above.

10. Risk Appetite and assessment

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

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

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This report presents the financial performance position for the period to 31 October 2023. The financial operating environment remains challenging and higher levels of inflation, higher interest rates, higher insurance costs and increased demand for repairs has placed significant pressure on the financial position. This has been managed in the short term through a rebalancing of the capital programme and improved performance on letting and bad debts. These financial challenges are likely to persist given the economic situation and the repairs demand levels.

13. Recommendations

13.1 The Board is requested to note the Group management accounts for the period ended 31 October 2023 at Appendix 1.

LIST OF APPENDICES:

Appendix 1: Wheatley Group Financial Report to 31 October 2023.

Appendix 1: Wheatley Group Financial Report To 31 October 2023 (Period 7)

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1a) Wheatley Group – Period to 31 October 2023

	Period to 31 October 2023			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	191,089	190,608	481	326,867
Grant income New Build	13,831	9,181	4,650	29,005
Grant income Other	9,466	7,476	1,990	18,244
Other Income	21,840	21,932	(91)	38,710
Total Income	236,226	229,197	7,030	412,826
EXPENDITURE				
Employee Costs	54,508	55,353	845	95,341
ER/VR	1,687	1,687	-	5,910
Running Costs	27,864	27,725	(138)	44,920
Repairs & Maintenance	47,793	43,631	(4,162)	73,751
Bad debts	2,079	3,274	1,195	5,612
Depreciation	65,394	65,394	-	112,408
Demolition Programme	702	583	(119)	1,105
Total Expenditure	200,025	197,647	(2,379)	339,047
NET OPERATING SURPLUS	36,201	31,550	4,651	73,779
	15.3%	13.8%		17.9%
Net interest payable	(39,605)	(38,923)	(682)	(71,472)
STATUTORY SURPLUS/(DEFICIT)	(3,404)	(7,373)	3,969	2,307

Key highlights:

The operating surplus to 31 October 2023 is £36,201k, £4,651k favourable to budget. At the statutory surplus level, a deficit of £3,404k is reported showing a favourable variance of £3,969k compared to the budget. The variance to budget reflects lower void rent losses, higher grant income received for adaptation works and new build completions grants, partially offset by the costs of delivering the increasing demand for repairs and maintenance.

Total income of £236,226k is £7,030k favourable to budget:

- Net rental income is £481k favourable to budget. Rent loss on voids at 1.15% is lower than the overall 1.4% budget driving the favourable variance.
- New build grant income recognised to date relates to 194 units completed (129 SR and 65 MMR). The favourable variance to budget is due to timing of completions in Glasgow, Loretto and WH East compared to the budgeted programme. Early completion in the financial year at Maddiston in Loretto and Raw Holdings in WHEast and delayed completion of units at Sighthill in Glasgow planned for completion in 2022/23 contribute to the variance.
- Other grant income is £1,990k favourable to budget mainly arising from unbudgeted adaptation grant for WH Glasgow and WH South.
- Other income is £91k unfavourable to budget arising from additional receipt of L & A Damages in relation to Sighthill and additional wayleave income offset by a reduction in service hours at Wheatley Care and reduced factoring income from optional services in Lowther.

Total expenditure of £200,025k is £2,379k unfavourable to budget:

- Employee costs (direct and group services) are £845k favourable to budget, mainly due to staff vacancies in Care, the RSLs and Wheatley Solutions compared to the budgeted structure.
- Running costs are £138k unfavourable to budget with higher insurance and direct property costs, contributing to the variance.
- Revenue repairs and maintenance spend is £4,162k unfavourable to budget with spend 8.5% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and manage repairs within the forecast spend.
- Bad debts are £1,195k favourable to budget with a prudent provision set aside for increases in arrears.
- Net Interest payable is £682k unfavourable to budget linked to a higher variable rate than assumed in the business plan at this point in the year. Net interest payable includes interest receivable that is £141k favourable to budget with £91k relating to Wheatley Foundation.

1a) Wheatley Group – Period to 31 October 2023

Capital Investment	Period to 31 October 2023			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
CORE PROGRAMME				
SHNZ	5,798	5,964	(143)	15,732
Adaptations	2,540	503	2,037	785
Grant Income	8,338	6,467	1,871	16,395
Core Investment Programme	21,710	25,566	3,856	46,106
SHNZ	5,798	5,881	83	15,542
Adaptations	2,750	2,308	(442)	3,626
Voids	10,865	9,341	(1,524)	14,737
Capitalised Repairs	5,648	3,377	(2,271)	5,223
Total Core Investment	46,771	46,473	(298)	85,234
NET CORE INVESTMENT SPEND	38,433	40,006	1,573	68,839
NEW BUILD				
New Build Grant Income Received	42,023	72,803	(30,780)	104,387
New Build investment	70,853	113,578	42,725	205,454
NET NEW BUILD INVESTMENT SPEND	28,830	40,775	11,945	101,067
OTHER FIXED ASSET INVESTMENT SPEND	4,385	7,508	3,123	13,198
TOTAL NET CAPITAL INVESTMENT SPEND	71,648	88,289	16,641	183,104

Key highlights:

Net capital expenditure of £71,648k is £16,641k favourable to budget.

- The net core investment spend was £1,573k favourable to budget. The favourable variance is driven by additional adaptation grant funding of £2,037k received from additional awards for Glasgow and the South and reduced spend in the core investment programme due to reprofiling of planned works. This favourable position is partly reduced by the increased spend in void and capitalised repairs works.
- New build spend is £42,725k less than budget with compensating reduced new build grant income of £30,780k. At Loretto reduced spend for East Lane and Dargavel Ph3; in the South at Curries Yard and Springholm; and in the East for Blindwells, Sibbalds Brae, Wallyford 5/AB and Winchburgh BB all contributed to the variance. Lowther also had underspend due to delays at Ashgill Road and Victory Lane.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £3,123k is due to a delay in works planned for new office builds at two sites, due to a delay in the developments commencing. Annual works budgeted of £1.3m will be deferred into 2024/25. In addition, the office work planned for the depots and concierge offices, will mainly be undertaken in the latter months of Q3 and Q4 of the financial year, whereas the budget reflected an even spread of the costs throughout the financial year. IT works is also underspent to P7 due to a delay with some projects commencing. The planned spend will increase for the remainder of the financial year, now that the projects are underway.

Wheatley Group Financial Report To 31 October 2023 (Period 7)

RSL Borrower Group

2a) RSL Borrower Group – Period to 31 October 2023

	RSL Borrower Group			
	Period to 31 October 2023			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	180,188	179,801	387	308,107
Grant income New Build	13,831	9,181	4,650	27,156
Grant income Other	9,466	7,476	1,990	18,244
Other Income	7,857	7,538	319	13,091
Total Income	211,342	203,996	7,346	366,598
EXPENDITURE				
Employee Costs	40,188	41,527	1,338	70,887
ER/VR	1,687	1,687	-	5,910
Running Costs	19,615	20,102	487	32,725
Repairs & Maintenance	44,255	40,020	(4,235)	68,015
Bad debts	1,854	3,054	1,200	5,235
Depreciation	65,394	65,394	-	112,408
Demolition Programme	702	583	(119)	1,105
Total Expenditure	173,696	172,367	(1,329)	296,285
NET OPERATING SURPLUS	37,646	31,629	6,017	70,313
	17.8%	15.5%		19.2%
Net interest payable	(38,010)	(37,227)	(783)	(68,570)
STATUTORY SURPLUS/(DEFICIT)	(364)	(5,598)	5,234	1,743

Key highlights:

The operating surplus to 31 October is £37,646k, £6,017k favourable to budget. At the statutory surplus level, a deficit of £364k is reported showing a favourable variance of £5,234k compared to the budget. The variance reflects lower void rent losses, higher grant income received for adaptation works and new build grant and favourable variances across a number of expenditure lines offset by the costs of delivering the increased demand for repairs and maintenance.

Total income of £211,342k is £7,346k favourable to budget:

- Net rental income is £387k favourable to budget across the RSLs. Rent loss on voids at 1.16% is lower than the overall 1.34% budget driving the favourable variance.
- New build grant income recognised to date relates to 194 units completed (129 SR and 65 MMR). The favourable variance to budget is due to timing of completions in Glasgow, Loretto and the East compared to the budgeted programme. Early completion in the financial year at Maddiston in Loretto and delayed completion of units at Sighthill in Glasgow planned for completion in 2022/23 contribute to the variance.
- Other grant income is £1,990k favourable to budget mainly arising from the recognition of unbudgeted adaptation grant for Glasgow and the South.
- Other income is £319k favourable to budget arising from the receipt of L & A Damages in relation to Sighthill, additional wayleave income offset by a reduction in leased rents for MMR units due to delays in completions.

Total expenditure of £173,696k is £1,329k unfavourable to budget:

- Employee costs (direct and group services) are £1,338k favourable to budget, mainly due to W-360 CIP and Group Protection services being funded through the Foundation. In addition to this, there are staff vacancies in Wheatley Solutions compared to the budgeted structure contributing to the variance.
- Running costs are £487k favourable to budget with the main drivers being group recharges lower than budget with a number of departments reporting lower costs across Wheatley Solutions, running costs in relation to W-360 CIP and Group Protection moving to the Foundation.
- Revenue repairs and maintenance spend is 8.5% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and manage repairs spend within the forecast spend.
- Bad debts are £1,200k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears.

Net Interest payable is £783k unfavourable to budget linked to a higher variable rate than assumed in the business plan at this point in the year.

2a) RSL Borrower Group – Period to 31 October 2023

Capital Investment	Period to 31 October 2023			Full Year
	Actual £'000	Budget £'000	Variance £'000	Budget £'000
CORE PROGRAMME				
SHNZ	5,798	5,964	(166)	15,732
Adaptations	2,540	503	2,037	785
Grant Income	8,338	6,467	1,871	16,395
Core Investment Programme	21,579	25,394	3,815	45,280
SHNZ	5,798	5,881	83	15,542
Adaptations	2,750	2,308	(442)	3,626
Voids	10,681	9,216	(1,465)	14,737
Capitalised Repairs	5,648	3,377	(2,271)	5,223
Total Core Investment	46,456	46,176	(280)	84,408
NET CORE INVESTMENT SPEND	38,118	39,709	1,591	68,013
NEW BUILD				
New Build Grant Income Received	42,023	68,523	(26,500)	98,500
New Build investment	68,738	106,264	37,526	194,113
NET NEW BUILD INVESTMENT SPEND	26,715	37,741	11,026	95,613
OTHER FIXED ASSET INVESTMENT SPEND	4,276	7,408	3,132	13,027
TOTAL NET CAPITAL INVESTMENT SPEND	69,109	84,858	15,749	176,653

Key highlights:

Net capital expenditure of £69,109k is £15,749k less than budgeted.

- The net core investment spend was £1,591k favourable to budget. The favourable variance is driven by additional adaptation grant funding of £2,037k received from additional awards for Glasgow and the South and reduced spend in the core investment programme due to reprofiling of planned works. This favourable position is partly reduced by the increased spend in void and capitalised repairs works.
- New build spend is £37,526k less than budget with corresponding reduced new build grant income of £26,500k. At Loretto reduced spend for East Lane and Dargavel Ph3; in the South at Curries Yard and Springholm; and in the East for Blindwells, Sibbalds Brae, Wallyford 5/AB and Winchburgh BB all contributed to the variance.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £3,132k is due to a delay in works planned for new office builds at 2 sites, due to a delay in the developments commencing. Annual works budgeted of £1.3m will be deferred into 2024/25. In addition, the office work planned for the depots and concierge offices, will mainly be undertaken in Q3 and Q4 of the financial year, whereas the budget reflected an even spread of the costs throughout the financial year. IT works is also underspent to P7 due to the timing of the start date of projects.

2b) RSL Borrower Group underlying surplus – Period to 31 October 2023

The Wheatley Group and RSL Borrower Group operating Statement (Income and Expenditure Account) on pages 2 and 5 are prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

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

The chart below therefore shows a measure of underlying surplus in the RSL Borrower Group which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties.

In the period to 31 October 2023, an underlying surplus of £4,743k has been generated which is £304k favourable to budget. The variance is mainly driven by additional other grant income, improved voids offset by higher repairs and maintenance costs and investment spend on capitalised voids and repairs.

Borrower Group Underlying Surplus - October 2023				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating Surplus	37,646	31,629	6,017	70,313
add back:				
Depreciation	65,394	65,394	0	112,408
less:				
Grant Income	(13,831)	(9,181)	(4,650)	(27,156)
Net interest payable	(38,010)	(37,227)	(783)	(68,570)
Total expenditure on Core programme	(46,456)	(46,176)	(280)	(84,408)
Underlying surplus	4,743	4,439	304	2,587

2c) Wheatley Homes Glasgow – Period to 31 October 2023

	Period To October 2023			Full Year Budget £ks
	Actual £ks	Budget £ks	Variance £ks	
INCOME				
Rental Income	122,960	122,972	(12)	210,343
Void Losses	(1,416)	(1,559)	143	(2,666)
Net Rental Income	121,544	121,413	131	207,677
Grant Income New Build	1,850	996	854	4,109
Grant Income Other	3,807	2,271	1,536	5,044
Other Income	6,475	6,019	456	11,505
Total Income	133,676	130,699	2,977	228,335
EXPENDITURE				
Employee Costs - Direct	19,484	20,789	1,305	35,363
Employee Costs - Group Services	10,139	10,230	91	17,237
ER / VR	1,494	1,494	0	4,820
Direct Running Costs	7,763	7,753	(10)	11,687
Running Costs - Group Services	4,930	5,189	259	8,895
Revenue Repairs and Maintenance	31,622	27,099	(4,523)	45,386
Bad debts	1,360	2,201	841	3,774
Depreciation	44,665	44,665	0	76,569
Demolition	119	0	(119)	0
TOTAL EXPENDITURE	121,576	119,420	(2,156)	203,731
NET OPERATING SURPLUS / (DEFICIT)	12,100	11,279	821	24,604
<i>Net operating margin</i>	9.1%	8.6%	0.4%	11%
Interest payable & similar charges	(27,254)	(26,718)	(536)	(50,084)
STATUTORY SURPLUS / (DEFICIT)	(15,154)	(15,439)	285	(25,480)
INVESTMENT				
Total Capital Investment Income	7,868	6,656	1,212	15,557
Investment Programme Expenditure	31,285	30,058	(1,227)	55,281
New Build Programme	19,162	23,707	4,545	46,447
Other Capital Expenditure	3,187	5,350	2,163	9,506
TOTAL CAPITAL EXPENDITURE	53,634	59,115	5,481	111,234
NET CAPITAL EXPENDITURE	45,766	52,459	6,693	95,677

Key highlights:

Net operating surplus of £12,100k is £821k favourable to budget. Statutory deficit for the period to 31 October is £15,154k, which is £285k favourable to budget. The main driver of the variance is higher than budgeted repairs spend linked to a higher demand offset in part by a favourable income position.

- Gross rental income is £12k unfavourable to budget and net rental income is £131k favourable to budget. Void losses are £143k lower than budget and represent a 1.15% void loss rate compared to the budgeted rate of 1.27%.
- New build grant income is £854k higher than budget, with 36 MMR units completing at Sighthill between June and August, including 16 units delayed from 2022/23. All units at Sighthill are now complete.
- Other grant income is £1,536k higher than budget with grant being recognised for 2023/24 medical adaptations.
- Other income is £456k favourable to budget linked to Wayleave income, additional furnished lets income (offset by additional costs) and receipt of L&A damages in relation to the Sighthill new build, which is partially offset by a reduction in MMR income due to the Sighthill delay.
- Total employee costs (direct and group services) are £1,396k favourable to budget, mainly due W-360 CIP and Group Protection services having funding provided through Wheatley Foundation.
- Total running costs (direct and group services) are £249k favourable to budget. The higher spend in direct running costs is due to higher spend in several categories, including district heating customer credits on the re-instatement of tariff in addition, insurance and Think Yes. Group recharges are £259k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.
- Revenue repairs and maintenance spend is £4,523k unfavourable to budget with spend across responsive repairs £5,017k higher than budget, and cyclical and compliance spend £895k lower than budget, due to the reprofiling of the programme. The spend on reactive repairs is linked to higher demand for repairs (8.5% ytd increase in job numbers vs ytd 2022/23). An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and to keep repairs spend within the forecast spend.
- Net Interest payable is £536k unfavourable to budget linked to higher variable rates than assumed in the business plan at this point in the year.
- Net capital expenditure of £45,766k is £6,693k lower than budget.
- Capital investment income (grants) is £1,212k higher than budget linked to unbudgeted medical adaptations grant of £1,500k offset by reduced new build grant income due to the timing of Calton Village Phase 2 and Shawbridge St. grant claims (the full grant award for Shawbridge St. was claimed in 2022/23),
- Investment programme spend is £1,227k unfavourable to budget with higher spend in capitalised repairs and voids contributing to the variance. An improvement plan has been put in place to monitor the drivers of costs, improve efficiency and keep investment spend within the forecast spend.
- New build spend is £4,545k lower than budget following delays on the demolition works at Kelvin Wynd and the acquisition programme being significantly than expected.
- Other capital expenditure of £3,187k is £2,163k lower than budget due to the timing of spend on IT capital and refurbishment of Nets depots and concierge stations.

2d) Loretto Housing – Period to 31 October 2023

	Period To 31 Oct 2023			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INCOME				
Rental Income	9,250	9,245	5	15,859
Void Losses	(176)	(266)	90	(456)
Net Rental Income	9,074	8,979	95	15,403
Grant Income	1,760	0	1,760	2,223
Other Grant Income	85	65	20	116
Other Income	54	61	(7)	876
Total Income	10,973	9,105	1,868	18,618
EXPENDITURE				
Employee Costs - Direct	783	806	23	1,382
Employee Costs - Group Services	503	514	11	881
ER / VR	27	27	0	210
Direct Running Costs	1,017	1,086	69	1,813
Running Costs - Group Services	265	274	8	469
Revenue Repairs and Maintenance	2,080	1,816	(264)	3,198
Bad debts	96	238	142	407
Depreciation	4,417	4,417	0	7,627
TOTAL EXPENDITURE	9,188	9,178	(10)	15,987
OPERATING SURPLUS / (DEFICIT)	1,785	(73)	1,858	2,631
Interest Payable	(2,181)	(2,104)	(77)	(3,779)
STATUTORY SURPLUS / (DEFICIT)	(396)	(2,177)	1,781	(1,148)

Key highlights:

Net operating surplus of £1,785k is £1,858k favourable to budget. Statutory deficit for the year is £396k and is £1,781k favourable to budget. The main driver of the favourable variance is the recognition of Maddiston's new build grant income earlier than budgeted.

- Gross rental income of £9,250k is favourable to budget due to early completions at Maddiston. Void losses in the year to date are £90k favourable with 1.90% against a budget of 2.88%.
- Grant income relates to 19 units at Maddiston, which were completed ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations.
- Other income is £7k unfavourable to budget following a revision of the Dargavel L&D damages claim, which resulted in a reduction for the damages received.
- Direct employee costs are £23k favourable to budget mostly due to the charging of additional landlord services to Lowther Homes and 100% capitalisation of the new build housing officer's costs. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are currently £11k favourable to budget.
- Total running costs are £77k favourable to budget. Direct running costs are £69k favourable to budget with most expenditure lines showing underspends.
- Revenue repairs and maintenance is £264k unfavourable to budget with responsive repairs spend £301k higher than budget. Completed responsive repair jobs YTD are 8.5% higher than the same period last year, reflecting a continued increase in customer demand. An improvement plan has been put in place to monitor the drivers of repairs costs, improve efficiency and keep repairs spend within the forecast spend.
- Bad debts are £142k favourable to budget. A prudent approach was taken when setting the budget.
- Net Interest payable is £77k unfavourable to budget linked to a higher variable rate than assumed in the business plan at this point in the year.

Net capital expenditure of £2,312k is £2,763k lower than budget.

	Period To 31 Oct 2023			Full Year Budget £k
	Actual £k	Budget £k	Variance £k	
INVESTMENT				
Total Capital Investment Income	459	10,374	(9,915)	11,196
Investment Programme	892	1,697	805	2,514
New Build Programme	1,746	13,506	11,760	22,048
Other Capital Expenditure	133	246	114	422
TOTAL CAPITAL EXPENDITURE	2,771	15,449	12,679	24,984
NET CAPITAL EXPENDITURE	2,312	5,075	2,763	13,788

- Capital investment income (grant) is £9,915k lower than budget mainly due to East Lane and Dargavel Ph 3 site starts being delayed, in addition to the full grant for Main St Maddiston being claimed in 2022/23.
- New build spend is £11,760k lower than budget resulting from the delays and phasing of project spend linked to the East Lane and Dargavel Ph 3 sites.
- Investment programme expenditure of £892k relates to core programme works, capitalised repairs and voids. An underspend is reported due to the re-profiling of the core programme.
- Other capital expenditure of £133k relates to the Loretto contribution to Wheatley Group IT costs.

2f) Wheatley Homes South – Period to 31 October 2023



OPERATING STATEMENT	Period to Oct 2023			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	27,806	27,814	(7)	47,855
Void Losses	(172)	(333)	161	(568)
Net Rental Income	27,635	27,481	154	47,287
Grant Income	-	-	-	4,977
Other Grant Income	5,071	4,517	554	11,736
Other Income	697	693	4	2,876
TOTAL INCOME	33,402	32,690	712	66,876
EXPENDITURE				
Employee Costs - Direct	3,251	3,344	93	5,715
Employee Costs - Group Services	2,306	2,356	50	4,038
ER/VR	166	166	0	340
Direct Running Costs	1,525	1,475	(50)	2,529
Running Costs - Group Services	1,214	1,254	41	2,150
Revenue Repairs and Maintenance	6,812	7,210	398	12,360
Bad debts	218	380	162	651
Depreciation	8,505	8,505	0	14,581
Demolition and compensation	583	583	0	1,105
TOTAL EXPENDITURE	24,580	25,273	694	43,469
NET OPERATING SURPLUS	8,822	7,417	1,405	23,407
<i>Net operating margin</i>	26%	23%	4%	35%
Interest Receivable and similar income	48	9	40	15
Interest payable & similar charges	(3,833)	(3,577)	(256)	(6,039)
STATUTORY SURPLUS	5,037	3,849	1,188	17,383
INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	13,631	21,188	(7,557)	34,425
Capital Investment spend	9,937	9,778	(160)	19,535
New Build Programme	12,862	21,375	8,513	38,785
Other Fixed Assets	523	1,028	505	2,056
TOTAL INVESTMENT EXPENDITURE	23,322	32,180	8,859	60,376
NET CAPITAL EXPENDITURE	9,692	10,992	1,301	25,950

Key highlights :

Net operating surplus of £8,822k is £1,405k favourable to budget. Statutory surplus to 31 October is £5,037k, which is £1,188k favourable to budget. The key driver of the variance is higher than budgeted adaptation grant income, lower void rent loss and lower spend across a number of expenditure lines.

- Net rental income is £154k higher than budget driven by lower than budgeted voids, with a void loss rate of 0.6% vs 1.2% in budget. Rental income is £7k adverse due to the timing of properties cleared for demolition.
- Other grant income is £554k favourable than budget mainly due to additional adaptation grant claimed (with higher corresponding spend in investment). In addition to adaptations, is increased renewable heat incentive (RHI) grant and care grant funding and £15k young person's funding.
- Other income is £4k favourable to budget due to receipt of a contractual rebate totalling £25k. This is partly offset by lower garage and lock-up income due to increased voids.
- Total employee costs (direct and group services) are £143k lower than budget. The savings include vacant positions and lower than budgeted overtime.
- ER/VR costs are in line with budget, with four ER/VR leavers YTD.
- Total running costs (direct and group services) are £9k unfavourable to budget, due to additional spend in a number of areas, mainly insurance. Group recharges are £41k favourable to budget.
- Repair costs are £398k favourable to budget. Responsive repairs are £170k unfavourable to budget due to increased demand and a higher cost per job driven by increased material costs to date. This unfavourable position has been fully offset by the favourable cyclical and compliance spend of £568k due to a reprofiling of the programme. A repairs improvement plan which includes a number of mitigating actions has been put in place to manage responsive repairs spend within the forecast spend.
- Demolition costs are in line with budget, spend in the month relates to owner buy backs, home loss and disturbance costs prior to demolition.

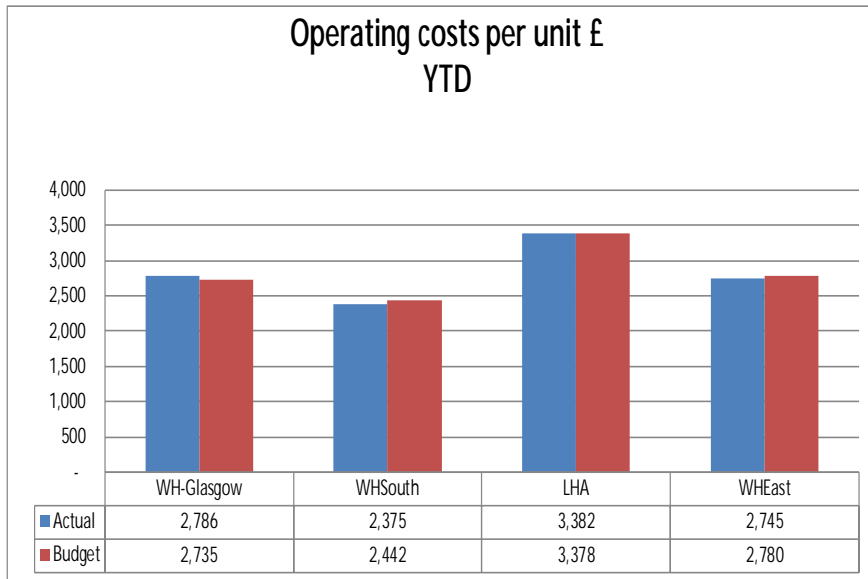
Gross interest payable of £3,833k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The unfavourable variance of £256k is due to the increase in variable interest rates.

Net capital expenditure of £9,692k is £1,301k lower than budget.

- The investment income is £7,557k lower than budget due to timing of grant funding claimed for the new build programme (Curries Yard and Springholm).
- Total core investment spend of £9,937k is £160k higher than budget due to higher spend on capitalised voids and grant funded adaptation works (which have compensating additional grant income). A number of mitigating actions and business rules have been put in place to bring Investment spend within the forecast spend.
- New Build expenditure is £8,513k under budget driven by timing of spend on Curries Yard and Springholm.
- Other capital expenditure of £523k is £506k lower than budget. Other capital spend includes work on local touchdown hubs and IT costs. The favourable variance is mainly due to the timing of works on the new build office which will now commence in 2024/25.

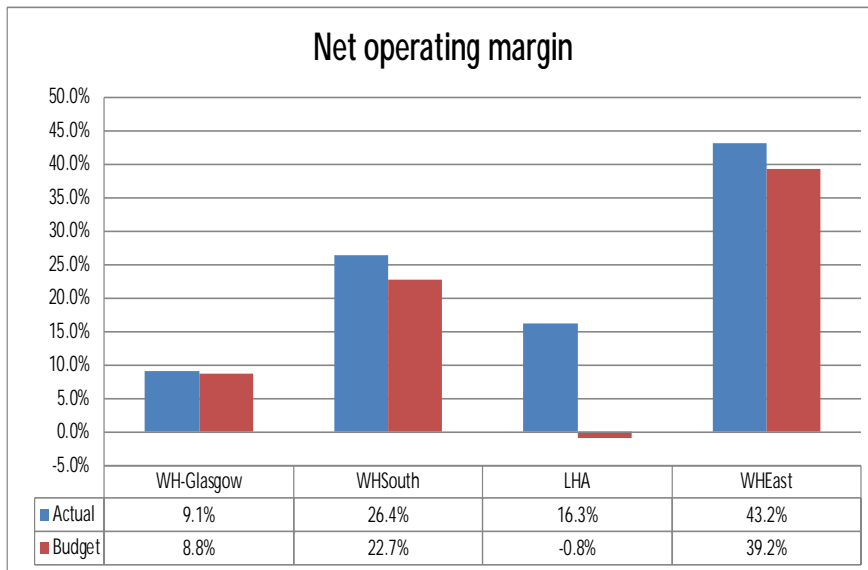
2g) [redacted]

3) Summary of RSL operating costs and margin v budget



Operating costs per unit:

- At October 2023 operating costs per unit are marginally higher than budget for WH Glasgow, marginally lower than budget for WH South and WH East and with Loretto on budget. The higher unit cost variance in Glasgow is attributable to the higher repair costs to maintain our properties partially offset by reduced bad debts.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.



Net operating margin

- Net operating margin is favourable to budget in all RSL's with Loretto continuing to report the highest variance due to the receipt of new build grants earlier than originally anticipated. The receipt of additional new build grants in Glasgow and the East as well as additional adaptation awards for Glasgow and South have resulted in an uplift in the net operating margin across the RSL's.
- Similar to operating costs, the variances across expenditure lines is impacting margins in the RSLs.

Wheatley Group Financial Report To 31 October 2023 (Period 7)

Non RSL entities

4a) [redacted]

4b) [redacted]

6) [redacted]

5) [redacted]



7) [redacted]

8) Wheatley Group – Consolidated Balance Sheet

	As at 31 October 2023 Eks	As at 31 March 2023 Eks
Fixed Assets		
Social Housing Properties	2,652,427	2,599,863
Investment properties	281,564	273,969
Other tangible fixed assets	69,586	71,551
Investments -other	116	116
Fixed Assets	3,003,693	2,945,499
Debtors Due More Than One Year		
Pension Asset	2,505	2,505
Current Assets		
Stock	1,881	1,713
Trade debtors	4,179	3,185
Rent & Service charge arrears	17,783	16,507
less: Provision for rent arrears	(11,218)	(10,198)
Prepayments and accrued income	18,735	8,846
Other debtors	24,666	26,887
	56,026	46,940
Bank & Cash	41,508	39,656
Current Assets	97,534	86,596
Current Liabilities		
Trade Liabilities	(18,849)	(6,619)
Accruals	(68,333)	(62,098)
Deferred income	(51,923)	(36,964)
Rents & service charges in advance	(16,066)	(15,309)
Other creditors	(4,918)	(16,539)
	(160,089)	(137,529)
Net Current Assets	(62,555)	(50,933)
Long Term Liabilities		
Contingent efficiencies grant	(47,914)	(47,914)
Bank finance	(1,282,613)	(1,245,971)
Bond finance	(300,000)	(300,000)
Provisions	(8,690)	(8,737)
Deferred income	(66,953)	(53,570)
Pension liability	(3,247)	(3,247)
Long Term Liabilities	(1,709,417)	(1,659,439)
Net Assets	1,234,226	1,237,632
Funding Employed Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	721,421	765,471
Income & Expenditure	(3,404)	(44,048)
Revaluation Reserves	516,209	516,209
Funding Employed	1,234,226	1,237,632

Key highlights:

- Group net assets are £1,234.2m at 31 October 2023.
- The Balance Sheet as at 31 March 2023 reflects the audited statutory accounts for the year then ended.
- 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.
- Current assets (excluding cash) are £9.1m higher than the year end position, mainly driven by an increase in prepayments and accrued income due to timing of receipt of income.
- Current liabilities are £22.6m higher than the year end position, mainly driven by the increase of £15m for deferred income. There is also movement noted with an increase in trade creditors and accruals, partially offset by a decrease in other creditors due to the timing of invoices being raised and paid.
- Long term liabilities at 31 October 2023 are £50m higher than the year end position mainly due to the £35m additional loans received to finance the developments across the RSL's and £13.4m increase in deferred income.
- Income and expenditure of £3,404k relates to the group deficit for the period.

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Group Corporate Cleaning Contract

Date of Meeting: 20 December 2023

1. Purpose

1.1 This report seeks approval to award a new Group wide contract for the provision of corporate office cleaning services to ISS Facilities Services Limited ("ISS") for a period of 4 years to a maximum value of £5.4m (inc VAT).

2. Authorising context

2.1 Under the Scheme of Financial Delegation (SoFD), the award of contracts is based on the financial value over the life of the contract. Group Board approval is required for Group contracts relating to revenue expenditure of more than £1m.

2.2 The value of this contract for our current service requirements, over the maximum term of the 4-year period is £5.4m (inc VAT), however, we have the contractual ability after 2 years to review our service requirements. This contracting approach will ensure we have the flexibility to review our requirements after 2 years and adjust accordingly.

3. Background

3.1 We have used ISS for our cleaning since August 2012. The contract is currently operating on implied terms due to its agreed period expiring during the pandemic and the challenges in re-procuring while our service requirements were evolving as we moved to our new operating model. In the last year, ISS delivered 46,176 cleaning hours across 61 locations with the main works including office cleaning, window cleaning, washroom solutions and consumable items.

3.2 ISS is a worldwide facility services provider with over 490,000 employees and one of the largest providers in the UK with c.25,000 employees and an annual turnover of £795m.

3.3 In general ISS provides a high standard of service that meets our business needs. They have also been flexible in accommodating service changes when necessary. This was evident during the COVID-19 period when offices were closed meaning a reduction of services, while our care homes and hostels required increased services to keep customers and staff safe.

3.4 ISS's national presence means they can meet our needs across the geographical areas in which we operate including more remote locations. This is achieved through the number of staff they have available and mobile teams.

4. Discussion

4.1 Since we began remobilising after the Covid pandemic, we have been updating our operating model in line with our strategy of operating in our communities; close to our customers and hybrid working. Corporate facilities to support our model currently include six centres of excellence at Wheatley House, New Mart Road, Brasswell, Dykebar Avenue, Dava Street and Wallacewell Road and 14 touch-down sites. These locations span Glasgow, Edinburgh, Dumfries, Stranraer and Bathgate.

4.2 In addition to our centres of excellence and touchdowns, cleaning services are also needed and used by Wheatley Care, Loretto Housing, Wheatley Homes East and Wheatley Homes South in hostels, care facilities and depots across our various operating areas.

4.3 Bringing our cleaning service in-house was considered but not pursued given the challenge associated with TUPE and employing staff, mainly on a part time basis, to cover over 40,000 hours of annual cleaning services across our geographical footprint. Other factors particular to cleaning including COSHH training (Control of Substances Hazardous to Health Regulations), manual handling training, HAVS training (Hand Arm Vibration Syndrome), machinery training and quality training, as well as rota, holiday and absence management, also meant that an in-house option was not considered desirable at this time.

4.4 We assessed the market, by issuing a Prior Information Notice (PIN) to ask cleaning contractors about their capability and views on delivering a suitable corporate cleaning solution to meet our needs. After evaluation, it was clear that many of the organisations that responded were only established in local areas and none of them covered all the regions in which we operate except ISS.

4.5 In addition, many of the companies were small organisations with filing exemptions or unaudited abridged accounts. While using multiple, smaller local companies to meet our needs is possible, the administrative burden this would bring in managing them, as well as supplier capacity and the potential for service disruption meant this approach was not pursued.

4.6 Given this, this meant that ISS was the only prospective bidder in a position to meet our needs given its national presence, ability to meet our needs in all our locations and its employment model that provides jobs to staff who typically live in the communities we serve.

4.7 As part of the process we sought to establish if ISS paid staff the Real Living Wage. They confirmed that they do not pay this rate by default, but do have contracts where the purchaser has elected to cost the contract based on the Real Living Wage. They confirmed that they could also do this for us, although it would attract an administration charge.

4.8 ISS has advised that to do so would incur an additional cost of approximately £55K per annum from 1 April 2024. We would thereafter be required to confirm annually whether we would continue to meet the additional costs of the annual uplift to the Real Living Wage. This is set by the Real Living Wage Foundation based on its assessment of the cost of living.

5. Customer Engagement

5.1 Engagement with customers was not directly applicable to this contract renewal.

6. Environmental and sustainability implications

6.1 ISS are accredited to ISO14001 for Environmental Policies. ISS has also indicated it is committed to reducing its environmental impact, while helping its customers create sustainable workplaces through strategic advice and services. It is committed to reaching net zero greenhouse gas emissions within scope 1 and 2 by 2030 and full-scope net zero by 2040.

7. Digital transformation alignment

7.1 There are no implications to digital transformation alignment in this report.

8. Financial and value for money implications

8.1 Value for money is achieved through this contract through an open book approach which allows spending to be identified by location in any of the categories below and provides budget holders with the information needed for robust scrutiny.

8.2 The open book approach shows ISS's profit margin is in line with other contracts we operate. Our 2023/24 budget for cleaning Group wide is £1.28m. Our aim through this contract is to reduce this spending by 5% in 2024/25. This will be done by reducing the number of hours spent cleaning in our properties. For example, reducing Wheatley House cleaning from 3 hours per night to 2 hours and cleaning touch down hubs less frequently. In doing this we will monitor to ensure necessary hygiene standards are maintained.

9. Legal, Regulatory and Charitable Implications

9.1 ISS will be procured via a direct award route through the Crown Commercial Services framework. There is no requirement for a procurement standstill period as we are utilising a compliant framework and therefore the risk of a procurement challenge is considered low.

9.2 We have appointed Brodies Solicitors LLP to advise and instruct on the necessary terms of any agreement and provide a contract between us and ISS. Brodies will review the terms of the CCS contract and propose any amendments required to maintain a contractual risk profile acceptable to us in line with other similar commercial contracts.

9.3 An Equifax finance report has been conducted for ISS and according to this they are financially stable with a rating of B and able to enter contracts to a value of £20m.

10. Risk Appetite and Assessment

10.1 Our agreed risk appetite in laws, regulations and covenant compliance is averse. This level of risk tolerance is defined as "minimum tolerance for any decisions that could lead to external scrutiny".

10.2 Our agreed risk appetite in operational and policy delivery is hungry. This level of risk is defined as “eager to be innovative and to choose options offering potentially higher business rewards (despite greater risk)”.

10.3 The recommendation to stay with our current supplier, with the inclusion of contract breakpoints, balances our level of risk whilst ensuring that we are in a position to maintain business continuity and standards of service.

11. Equalities Impact

11.1 ISS is a large organisation with a diverse workforce. From our experience working with them, they draw their staff from many of our communities and staff turnover is low.

12. Key issues and conclusions

12.1 ISS was the only prospective bidder who was able to meet all our needs. The complexity and resources required to manage a network of local contractors as well as the risk associated with this were such that this was not considered a viable option.

13. Recommendations

13.1 The Board is asked to:

- 1) approve entering a contract for the provision of corporate cleaning services to ISS Facilities Services Limited at a value of £5.4m (Inc VAT) over 4 years;
- 2) Consider and agree whether we fund the additional cost (approximately £55K per annum for 2024/25) to meet the Real Living Wage level; and
- 3) Note the contract will allow us to reconsider options, services, and costs at the 2-year stage before taking up the optional 2-year extension.

LIST OF APPENDICES:

None