WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING

Wednesday 24 April at 10.30am
Brasswell Office, Annan Road, Dumfries

AGENDA

1. Apologies for absence

2. Declarations of interest

3. a) Minutes of meetings held on 21 February 2024, 11 April 2024 and matters arising
   b) Action list

4. Group CEO update

5. Chair update – Wheatley Developments Scotland

Main Business

6. 2024/25 Group Delivery Plan

7. Scottish Housing Regulator Regulatory Framework

8. Group EDI and Human Rights policy and action plan

9. Fire Prevention and Mitigation: annual report

10. Health and safety annual report

11. Home safety building compliance

12. Sustainability progress report

Other Business

13. [redacted]

14. Contract Award - Microsoft Enterprise Agreement licences

15. 2024/25 Budget and Finance report

16. Treasury report

17. Contract Award - Fuel Cards and Associated Services

18. AOCB

Wheatley Group

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: 2024/25 Group Delivery Plan

Date of Meeting: 24 April 2024

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1. Purpose

1.1 This report sets out for Board approval the draft 2024/25 Group Delivery Plan, comprising:

1) Strategic projects to be reported to the Board during 2024/25; and
2) Board-level performance measures and corresponding targets.

2. Authorising and strategic context

2.1 The Group Board approved the approach to monitoring the implementation of our strategy via our Group Performance Management Framework ("PMF") at its meeting in June 2021. The Board agreed the 2023/24 programme of strategic projects and performance measures and targets in April 2023. In August 2023, the Board agreed amendments to the original strategy, reflecting that our strategic context has changed since the strategy was first agreed. The Delivery Plan measures reflect those updates.

2.2 Under the Group Standing Orders the Group Board has an ongoing role in monitoring the performance of subsidiaries across the Group against the agreed measures. Individual RSL Boards are responsible for approving their Annual Return on the Charter ("Charter") returns. They are also responsible for monitoring RSL performance against agreed targets.

3. Background

3.1 As part of agreeing the original PMF in June 2021 the Board recognised that the strategic projects, strategic measures and targets would evolve throughout the life of our strategy as we refreshed and renewed it.

3.2 As such, strategic projects and our measures and targets are subject to annual review to take into account what has been delivered to date, our business operating context and the external operating environment.

3.3 For the same reasons, we also review and update our 5-year strategy each year. As part of this process, each partner Board within the Group considers its 5-year strategy and what refinements are appropriate within this context.

4. Discussion

4.1 Strategic and business context

4.1.1 The Board reflected on the changes in our operating environment during the June 2023 strategy workshop and when subsequently approving our renewed strategy in August 2023. This included the much-changed economic operating environment and customer priorities since the original version of our strategy was approved and implemented in 2021.

4.1.2 This impacted several areas of our strategy and our plans between now and 2026, including keeping the right balance between rent increases, the delivery of repairs, maintenance and capital investment in existing homes and our continued focus on delivering value for money within our operating model.

4.1.3 Over the last twelve months in particular, our strategic and business context has continued to evolve, including:

- Consumer Price Index inflation rates fell from over 10% to under 3.5% while inflation in areas of large spending for us such as repairs and maintenance and construction did not fall at a corresponding rate;
- Further increases in the Bank of England Interest rates to over 5% for the first time in over 15 years;
- A significant reduction in the Scottish Government budget for the Affordable Housing Supply Programme;
- The Scottish Government's consultation for the Social Housing Net Zero Standard to replace the requirement for existing homes to reach EESSH2 was published, however with no certainty on how achieving it will be funded;
- Glasgow City Council and the City of Edinburgh Council declared a Housing Emergency in recognition of acute challenges in homelessness and supply;
- High demand for repairs persisted for all RSLs across the Group, a situation mirrored across the wider UK sector; and
- The implications of the Cost of Living (Tenant) Protection (Scotland) Act 2022 for our rent setting across all tenures.

4.1.4 Our achievements over the last 12 months represented another significant step towards delivering the key elements of our five-year strategy as we concluded Year 3. We delivered or commenced a wide number of major strategic projects and activities linked to key themes and targets within our strategy, including:

- Independent tenant satisfaction surveys with Wheatley Homes Glasgow and Wheatley Homes South **on track to achieve 90%** by 2026 and **Wheatley Homes East and Loretto already achieving 90%+**;
- **Successfully migrated to a cloud telephony platform** within our CFC **ahead of schedule and on budget**. The platform has enhanced our ability to communicate with tenants in responding to events such as severe weather, increased our business continuity and resilience and provides the potential for major service refinements;
- Completed an external strategic review of our care business, **agreed a more clearly defined future vision for care** and made strong progress implementing the review;

- **Continued to refine our repairs service**, including introducing better customer insight and scrutiny through implementing the Book It, Track It, Rate It real-time customer feedback and a Group Scrutiny Panel thematic review, better technology by introducing the Servitor platform in the East and upgrades to the scheduling system in the South, and refined service delivery through My Repairs becoming fully operational in the West;
- **Significantly expanding the level of real-time customer feedback** through our My Voice and Localz platforms to provide instant customer satisfaction ratings within the CFC, NETs and Allocations and repairs. These tools have enabled the collection of over 40,000 feedback responses during 2023/24 which are now regularly reviewed by frontline teams and managers to drive continuous improvement in service delivery;
- Developed **a new, integrated Neighbourhood management approach** to allow us to get even closer to our communities;
- Working alongside tenants, communities and partners **progressed major regeneration projects** at Wyndford and Lochside; and
- Continued to lead the way nationally in alleviating homelessness, exceeding our target by **providing homes to 2000+ homeless households**.

4.1.5 Reflecting on the achievements over the last 12 months, in terms of delivering the key priorities of our five-year strategy we are well placed as we conclude year three and enter the penultimate year of our strategy. We have delivered or significantly progressed the majority of the major elements of our strategy such as our Customer Voices Framework, the creation of a single vehicle for Glasgow in Wheatley Homes Glasgow, transformational regeneration projects at Wyndford and Lochside, well-advanced homelessness and sustainability strategic frameworks in place, a renewed vision for care and significant investment in our technology platforms.

4.1.6 As our Boards across the Group hold their strategy workshops in May and June each will reflect on their progress to date and the key priorities for the remainder of their strategies. The proposed priorities for 2024/25 are set out in further detail below.

4.2 <u>Group Delivery Plan 2024/25</u>

4.2.1 As we build the progress over the first three years of the strategy, with many key priorities well advanced or already delivered, the focus for the year ahead is on the areas that will enable us to complete the delivery of our strategy over the next two years.

4.2.2 The proposed Delivery Plan strategic projects focus on three key themes:

- **Delivering excellent, personalised services** – through customer insight and enhancing our understanding of customer needs continuing to reshape how we deliver services to make them even more customer-driven and personal and enable us to achieve our tenant satisfaction strategic targets;
- **Investing and regenerating our neighbourhoods and communities** – a continued focus on regenerating, building and maintaining the visual appearance of new and sustainable communities, working in partnership with key partners.

- **Data, automation and self-service** – exploring, enabling and improving our use of new and emerging technology and data to transform how we deliver services, enhance our business efficiency, upskill our staff and, in turn, improve our customer and staff experience;

4.2.3 The full list of proposed projects and milestones is set out at **Appendix 1**. For completeness, this includes projects which will be primarily monitored at partner Board level. For each project, we have also included the specific elements of the strategy that the projects will support or enable the delivery of. There is also one stand-alone project included, a review of defined benefit contribution schemes, based on the pension strategy being a matter reserved to this Board.

4.2.4 As with previous years we have identified projects where there are external interdependencies that mean the delivery of those projects is not entirely within our control. A more detailed update on each of the three streams is set out below.

Delivering excellent, personalised services

4.2.5 A key priority in our strategy is the delivery of excellent services with an overarching objective for RSLs of achieving 90% tenant satisfaction. An important element of how we plan to achieve this is ensuring that our services are personalised to the needs of our customers and driven by engagement with and feedback from our customers.

4.2.6 The first project in this area is focused on defining and agreeing our approach to vulnerability and personalised services. This will focus on developing **a strategy which sets out the type of information we will seek to collect and importantly how we will use it to deliver increasingly personalised services**. For example, what information would a CFC agent or repairs operative benefit from having at their fingertips to deliver a more personalised service.

4.2.7 We will engage customers as part of this process to understand the type of information they would feel comfortable with us holding, the types of information they expect us to know and critically how they would expect us to use it to deliver personalised services.

4.2.8 Following our satisfaction surveys and the expansion of real-time feedback in 2023/24 we will **continue to expand our focus on how customer insight drives our services**. This will include, in collaboration with customers, customer journey mapping. We will identify the areas for customer journey mapping based on analysis of our complaints, My Voice and key satisfaction drivers identified in our satisfaction surveys.

4.2.9 We will also agree and commence a programme of pulse and thematic surveys to ensure we are tracking customer satisfaction on an ongoing basis. A particular focus will be on Wheatley Homes Glasgow and Wheatley Homes South as they continue their path to 90% satisfaction by 2026.

4.2.10 Following extensive engagement with its factoring customers in 2023/24 Lowther Homes generated a significant amount of customer insight. It will be using this customer insight to inform a redesign of its factoring model and redesigning the way it delivers services. As part of this, it will also explore the role of its technology platform in enabling it to deliver excellent services.

<u>Investing and regenerating our neighbourhoods and communities</u>

4.2.11 Regenerating our communities, building new homes and continuing to invest in the homes of existing customers are central elements in our strategy. Delivering new homes, regenerating communities, making our neighbourhoods places where our customers feel safe and secure and live in desirable and peaceful communities, and making our properties energy efficient remain key elements of our strategy.

4.2.12 We will continue the next phases in the transformational regeneration projects at Wyndford and Lochside. Alongside this we will work closely with our partners at Transforming Communities: Glasgow to develop a strategy for future regeneration projects in Glasgow.

4.2.13 At the Board workshop earlier this year we agreed the principles for our future asset strategy, with a focus on how we continue to invest in existing tenant's homes. Our RSL and Lowther Boards will have similar discussions at their upcoming strategy workshops and the strategic project sets out the milestones for **the development of an asset strategy**.

4.2.14 A standalone Wheatley Homes Glasgow project will consider an area that **customer insight has identified as a priority for a number of its customers, garden maintenance**. The key issue is the impact that the frequency of garden maintenance has on the look of neighbourhoods and how the service can respond to the personal needs of customers, particularly those unable to maintain gardens unassisted.

<u>Data, automation and self-service</u>

4.2.15 Since we commenced our strategy in 2021 the importance of data alongside the capability automation has increased significantly. The collection and analysis of the right data is also increasingly recognised as an essential element of understanding the experience of customers. The right data is also an essential enabler to being able to take advantage of the capability of AI and automation.

4.2.16 The projects in this stream will focus on **harnessing the potential of our data and automation to redesign our approach to a core business area**, building compliance, **carefully exploring the potential of AI** and automation to deliver increased productivity and enhancing services, and ensuring that **our staff are appropriately skilled for and benefit** from better data and automation.

4.2.17 The first proposed project will see us explore these capabilities in three areas. We will assess the options for these three areas based on criteria such as where there is currently a high level of manual activity e.g. invoice processing, areas where we could extract actionable customer insight e.g. complaints, where we have large data sets e.g. physical assets, or where we currently have a high level of expenditure e.g. repairs.

4.2.18 As part of this, we will agree on measures of success that will be monitored throughout the project. Any future investment will require to be supported by a business case which clearly sets out and quantifies the predicted benefits. For example, we could deliver efficiencies that allow money to be reinvested in our communities or customer feedback indicates that it would enhance service delivery.

4.2.19 Our compliance obligations and the associated delivery programme have significantly expanded in recent years and the timing is appropriate to undertake a review of our approach. Distinct from the pilot areas proposed in the project above, this is an area where we have ongoing legal obligations and as such needs a dedicated focus.

4.2.20 The nature of the programme involves a high degree of scheduling, both appointments and trade capacity, managing customer communications, the flow of data from external contractors and a need to have data in a reportable format. Whilst we have managed our programme very well, the nature of the programme means **there is significant potential to use our data and to manage our compliance differently**.

4.2.21 Our focus in 2023/24 was to go live with our cloud telephony platform and ensure that it was operationally effective and resilient for the core activity of handling customer calls. For 2024/25, having achieved this stability, we now plan to **explore how we can leverage the capabilities of our cloud telephony platform to deliver a better, more efficient service**.

4.2.22 As well as drawing on the platform's capability to smartly automate the routing of calls based on the caller's geographic location we will harness the opportunities of automation and AI in areas such as call transcription. This will create the potential to undertake analysis of calls significantly beyond what is viable through call listening, and support quality assurance by, for example, identifying calls with trigger words, such as damp and mould, where we want to target quality checks. There is also potential to automate elements of our call handling, such as security checks, and basic enquiries such as when is my repair appointment.

4.2.23 In order for us to realise the potential of data and automation we know that our staff need to be appropriately skilled and engaged. Staff engagement, skills and culture are areas the Wheatley Solutions Board has consistently identified as an essential element of becoming a data-enabled organisation.

4.2.24 In recognition of this, a specific project will focus on how we engage and upskill our staff to support building a culture where staff understand and value the importance of data.

4.3 <u>Measures and Targets 2024/25</u>

4.3.1 When initially agreeing measures and targets in June 2021, it was recognised these would be subject to ongoing review as well as formal review annually. Despite the continuing business and strategic change during 2023/24, we have once again made significant progress in this period and remain on track to deliver the vast majority of key outcomes and performance measures in our strategy.

4.3.2 Particular highlights include:

- On track to provide a home to 10,000 homeless people or households, already exceeding our annual targets in years one and two. Year three has also shown strong performance taking us to **over 7,000 during the first three years** of the strategy;
- **Now exceeding 90% tenancy sustainment** in our RSLs, demonstrating the success of our wraparound services and contribution to national targets to end homelessness and rough sleeping;
- **Efficiently managing properties** which became empty, making these available for those waiting on a home, and also minimising void loss, with days to let performance further improving across our RSLs and Lowther in year three; and
- **On track to reduce the number of accidental dwelling fires by 10%**, being significantly under our upper limit profile in years one, two and now three to be in a position to achieve this, and potentially to far exceed it by 2025/26.

4.3.3 The list of proposed measures and targets to be reported to the Board quarterly and bi-annually from Year 4 of the strategy, 2024/25, is set out at **Appendix 2**.

4.3.4 It should be noted that this appendix does not include the annual measures e.g. customer satisfaction measures as our ongoing quarterly reports focus on measures which are measured on an ongoing basis. Our annual measures are drawn directly from our strategy and any updates are agreed as part of the annual strategy review as they necessitate a strategy update.

4.3.5 All other proposed changes are captured in **Appendix 2**, with the key updates summarised below:

- **New build**: Targets are currently based on the Business Plan, as per the 5 year plans approved at our last Board meeting. We delivered 1,082 new homes in the first two years of the strategy and have delivered a further 348 this year. Our updated targets are for a further 772 in year 4 and 996 in year 5, which would bring our total to around 3,200 new homes (3,168) during our strategy period;
- **Gross rent arrears (RSLs)**: The strategy renewal approved a change to the RSL strategic target of <5% (previously 4.5%). It is therefore now proposed that the 2024/25 target be set at 5.2% to reflect an incremental improvement from current performance towards this new year 5 position;
- **Gross rent arrears (Lowther letting)**: based on current improving performance, it is proposed that the 2024/25 target be reduced to 3.2% and the target be set at 3% (better than the 3.5% figure originally agreed as the strategic commitment for a ‘below 4%’ result);
- **Replacement sustainability measures**: It is proposed that we replace now out-of-date measures, such as those linked to the former EESSH2, with those being consulted by the Scottish Government in its proposed Social Housing Net Zero Standard (albeit subject to ongoing review) *Fabric efficiency, measured in kWh/m2/year and ‘clean’ low-carbon heating*. We will use 2024/25 as a baseline year with targets to be agreed thereafter;
- **Customer First Centre (“CFC”)**: We propose a relatively small number of measures to capture and explain performance across the CFC. Customer satisfaction with the CFC (known as CFC CSAT) would remain the key measure, ensuring we place our customers’ voices at the heart of performance management. It provides a much greater level of insight into

customer perception of the service and inherently reflects all aspects of the experience such as time to answer and the call handler. We would also maintain Board visibility over how well the CFC delivers as part of our wider operating model through the % of contacts resolved within the CFC. Finally, we will report the abandonment rate and a revised abandonment rate, that accounts for our continuing 30s grade of service. Other measures such as grade of service would continue to be monitored operationally;

- **Average non-emergency repairs timescales**: We remain committed to working towards a 7-day average by the final year of our strategy. To support incremental change, it is proposed we set a target of 7.5 days average during 2024/25 and **a supplementary target** of achieving 7 day in-month average by March 2025;
- **Damp, mould and rot**: Reporting will move to contextual for the key measures, however be supported by a much greater degree of supporting analysis. For appointments out with 2 working days we will categorise which were due to no access, customer choice or lack of appointment availability. For repairs not completed within 15 working days we will provide categories of all cases out with e.g. by timescale and type such as major repair or investment required. It should be noted that whist repairs may not be completed within 15 working days we would still expect in the vast majority of cases that any mould in the property has been treated. A more detailed update on the future damp, mould and rot reporting will also be included in the year end performance report at the next meeting;
- **ASB resolved**: To reflect the importance of neighbourhoods to our customers, and supported by our new ASB framework, an increase to 100% (from 98%) is proposed for the % of ASB cases resolved;
- **Peaceful neighbourhoods**: While the methodology for this measure is fixed, given it is sourced from Police Scotland, it is proposed that based on our strong performance to date we increase the target to (from 70%) 75% for 2024/25 and 80% for 2025/26;
- **Environmental services**: Formalise inclusion of the NETs MyVoice measure into the PMF, with a target CSAT score of 4.3 / 5. This is currently based on ad-hoc services and will be expanded to close cleaning during 2024/25; and
- **Building compliance**: We have increased the number of building compliance measures that will be reported to the Board every quarter including legionella testing programme progress, EICR testing compliance and fire safety system servicing.

5. Customer Engagement

5.1 Our Delivery Plan reflects our strong focus on our customers influencing and co-creating with us. Customer engagement is embedded as specific milestones of strategic projects which will directly impact the way we deliver services or the way they can be drawn down by customers.

5.2 Newly established real-time customer satisfaction-based measures, and independent customer satisfaction surveys, also reflect the importance of customer feedback driving how we measure the quality of a service and inform future service improvement.

6. Environmental and sustainability implications

6.1 One of our strategic projects for 2023/24 focused on the implementation of the Group sustainability framework. The sustainability performance framework is now being updated to better reflect the change of priorities, focused on the SHNZS consultation. This is further discussed in the accompanying Sustainability paper on this agenda, and as part of the Board workshop in June.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2024/25 have once again been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme.

8. Financial and value for money implications

8.1 There are no direct financial implications associated with this report, which are covered via the approved 2024/25 business plan.

9. Legal, regulatory and charitable implications

9.1 There and no specific legal or regulatory implications however we continue to collect all measures required for the Annual Return on the Charter.

10. Risk Appetite and assessment

10.1 We do not have a single risk appetite in respect of strategy. Our risk appetite seeks to take into account a range of factors which may impact the delivery of our strategy.

10.2 In considering our Group Delivery Plan and KPIs for 2024/25 we have considered the continued level of uncertainty associated with the continuing impact of the pandemic and the current operating context of the Group.

10.3 Our strategy is highly ambitious and contains a high degree of interdependencies. The proposed approach seeks to mitigate the risk that the complexity associated with the level of interdependencies is not managed through a structured approach.

11. Equalities implications

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

12. Key issues and conclusions

12.1 We have made significant progress over the first three years of our strategy and are well placed to deliver the key elements by 2026. The proposed strategic projects focus on enabling us to achieve the remaining customer satisfaction measures, having a well-defined strategic approach to asset management and neighbourhoods that allows us to invest in tenants' homes and make our neighbourhoods great places to live, and enhancing our use of data and automation to deliver productivity and service enhancements.

12.2 The projects will leave us well placed as we enter into the final year of our strategy and begin to set a path for areas of strategic focus such as AI and personalised services which will straddle into our next five-year strategy. The progress to date during the first three years of our strategy and pathway to achieving our key objectives by 2026 will be a focus at the upcoming Board strategy workshops.

12.2 Our measures and targets have been informed by our performance in 2023/24 and where appropriate wider sector analysis. We will continue to focus on delivering operational excellence to provide us with a foundation for investing in and achieving high customer satisfaction levels.

13. Recommendations

13.1 The Board is asked to:

1) Approve the 2024/25 strategic projects and associated; and
2) Approve the proposed measures and corresponding targets for 2024/25.

LIST OF APPENDICES:

Appendix 1: Strategic Projects 2024/25
Appendix 2: Strategic Results and KPIs with associated targets for years 4

Project	Milestones	Milestone dates	Strategy deliverable (s) supported
Theme - Delivering excellent, personalised services			
Defining and agreeing our approach to vulnerability and personalised services	Vulnerability strategy and plan developed	30/06/24	▪ Our ambition is for an increasingly tailored service that meets the particular needs and expectations of different customer groups ▪ Ensure **no one is left behind** and our services are appropriately tailored to meet the specific needs of particular customer groups. ▪ Our staff will continue to deliver highly personal services ▪ By 2026 our approach to delivering reactive repairs will be tailored by and for our different customer segments
	Customer engagement concluded	31/08/24	
	Board approval of strategy and implementation plan	30/09/24	
	Implementation plan commenced	31/10/24	
	Update to Board on implementation	31/03/25	
	Review and refine plan phase 2	31/03/25	
Customer insight driven services	Agree the top 3 priority areas for customer journey mapping based on analysis of customer insight on key satisfaction drivers	31/05/24	▪ Overall customer satisfaction is above 90% ▪ Better understand where we can improve or tailor our services and ensure they are customer insight and priority driven ▪ Enabling customers to have more control over their service journey and the organisational policies and priorities
	Agree our pulse and thematic survey programme	31/05/24	
	Undertake customer journey mapping, including through direct engagement with customers	31/08/24	
	The Executive Team agree service, process and technology changes required to improve the customer journey and respond to the pulse survey findings	30/09/24	
[redacted]			
Theme - Investing and regenerating our neighbourhoods and communities			
Asset strategy	Asset strategy featured as a key theme in Group partner Board strategy workshops	31/05/24	▪ Investing in existing homes and environments ▪ Invest £390 million for improving and modernising homes across the Group ▪ Investment will be designed to help **reduce running costs** in the home wherever possible ▪ Targeted investment to deal with more systemic causes of damp and mould. ▪ Develop an archetype-based approach to investment planning and prioritisation focusing on what most benefits our tenants
	Customer and staff engagement session	31/05/24	
	Internal review and sign-off	31/05/24	
	Group Board approval of Group Asset Management Strategy	30/06/24	
	Group partner asset management plans approved	30/09/24	
	Staff launch of group asset management strategy and group partner asset management plans	31/10/24	
	Agreed approach through strategy informs 2025 investment plans	28/02/25	
[redacted]			
[redacted]			
Work with our Transforming Communities: Glasgow partner to develop a renewed strategy **(Wheatley Homes Glasgow Board)** *(External interdependency)*	TC:G Board strategy workshop to consider key strategic priorities	30/08/24	▪ Replacement of unpopular poorer quality homes with new, high quality, energy-efficient homes ▪ Enhancing our regeneration outcomes to be about more than bricks and mortar
	TC:G strategy refreshed to reflect feedback from Board strategy workshop	31/12/24	
	TC:G Board agree updated strategy	28/02/25	
	WHG Board updated on key strategic priorities for 2024/25	31/03/25	
[redacted]			

Theme - AI, data and automation			
Automation & Artificial Intelligence - pilot to explore the potential for productivity gains and service enhancements through MS Co-Pilot and automation	Three priority areas for automation/use of AI (MS Co-Pilot) agreed and associated measures of success identified	31/05/24	▪ We will invest in technologies to **optimise automation**, standardise core processing and drive efficiency in key areas ▪ We will exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services ▪ Achieve management costs per unit that remain in the lowest quartile
	Deployment plan developed and commenced for each priority area	31/07/24	
	Deployment plan progress update to the Group Executive team	30/12/24	
	Pilot evaluation and lessons learned review completed and recommendations, including a business case if appropriate, presented to the Executive team	31/03/24	
Develop a data driven approach to managing and monitoring building compliance	Review our existing compliance cycles, data management, integration and management information arrangements	31/07/24	▪ Data and information will play an increasingly important role in enabling the delivery of all aspects of our services ▪ We will become **experts in managing and exploiting our data** and information ▪ We will exploit technological innovations to enhance the efficiency and convenience of our investment and maintenance services ▪ Become digitally enabled and helping create the conditions to deliver our challenging efficiency targets.
	Build our future building compliance model including desired compliance cycles, key data, data flows, degree of integration, required management information and desired customer touchpoints and functionality.	31/10/24	
	Undertake a gap analysis and options appraisal including costs and benefits of the change between current arrangement and desired future model	30/11/24	
	Develop detailed implementation proposal and plan and update Executive Team including on timescales and anticipated benefits	31/12/24	
Improving and evolving our multi-channel customer first centre	Customer Engagement on service improvement opportunities via the Stronger Voices team	30/06/24	▪ Customer Satisfaction with the Customer First Centre is 90% ▪ Overall customer satisfaction is above 90% ▪ As we evolve the CFC, we will increasingly focus on the use of data, system automation and intelligent, personalised and tailored services ▪ Achieve management costs per unit that remain in the lowest quartile
	Agree approach and workplan for geographical subsidiary service delivery	31/07/24	
	Pilot customer call transcription and automated quality assurance	31/10/24	
	Scope and develop an approach for automation of identification and verification (IDV)	31/12/24	
	Year 1 update to the Executive team including customer feedback and Year 2 enhancement plan	28/02/25	
Develop data-enabled organisational capability, leadership and culture *(Wheatley Solutions Board)*	Establish staff Communities of Practice across the Group to increase organisational engagement	31/05/24	▪ Our staff will be skilled in deriving insight from data ▪ We will become **experts in managing and exploiting our data** and information ▪ Through improved **analytics capabilities**, including new skills in data science and interpretation, we will create dynamic and real-time reporting environments ▪ Learning programmes will be designed and targeted to equip staff with the specific skill sets they need ▪ Explore opportunities to measure the progress in our **digital maturity** ▪ By 2026 mature data intelligence will support us to deliver services in the right places, to the right people at the right time.
	Develop a staff communication and engagement plan promoting the value of data	31/07/24	
	Develop a tailored suite of training for staff who engage with data, tailored to their organisational role, including a bespoke programme for Senior leaders	30/08/24	
	Undertake a baseline staff data awareness and capability survey	30/10/24	
	Annual review of the Group Data strategy undertaken and updates considered, including a business case as appropriate, and agreed by the Group Executive team	31/03/25	
Improving the employee experience through self-service *(Wheatley Solutions Board)*	Staff self-service enhancements - managing annual leave and personal details via a mobile device/laptop	30/09/24	▪ Transition our staff make to self-managed services based on offerings that fundamentally **improve services beyond that which is possible in an off-line environment**. ▪ Achieve management costs per unit that remain in the lowest quartile ▪ We will create dynamic and real-time reporting environments
	Manager self-service enhancements - Managers will have access to new, automated reports and monitoring dashboards for staff absence	30/11/24	
	System integration - automated information integration on new starts, movers and leavers to other systems that use people data	30/11/24	
	Staff-self service enhancements - Staff will be able to process expenses and overtime claims digitally via the CIPHR platform	28/02/25	

Other			
[redacted]			

Group Board Strategic Results and KPIs 2024 to 2026

Proposed Changes from 2024/25 detailed under 'Update' and relevant change shown in red text

1. Delivering Exceptional Customer Experience

Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
"Rate it" score from the book it, track it, rate it repairs approach	WEST 4.5/5 EAST 4.3/5 SOUTH 4.7/5	Target proposed as a CSAT score of 4.5/5, rather than +10% improvement	4.5/5	~~Baseline + 10% improvement~~ 4.5/5
Percentage of tenants who sustain their tenancies for more than 12 months (ARC)	LHA - 94.32% WHE - 92.03% WHG - 91.99% WHS - 86.03%	No change	90%	90%
New - Percentage of tenants who sustain their tenancies for more than 12 months - revised	LHA - 94.99% WHE - 94.49% WHG - 93.55% WHS - 89.17%	Formalising as part of the Group PMF	91%	91%
New - Percentage of tenants who sustain their tenancies for more than 12 months (ARC) - homeless	LHA - 95.15% WHG - 91.44% WHE - 94.50% WHS - 84.34%	Formalising as part of the Group PMF	Contextual	Contextual
Customer satisfaction with the CFC is 90% - CFC CSAT	4.25	No change	4.5/5 (90%)	4.5/5 (90%)
% of contacts to CFC resolved within CFC	90.65%	New	93%	95%
CFC call abandonment rate	5.47%	Year 5 target proposed as being updated to <4%	5%	~~5%~~ <4%
Revised call abandonment rate - those waited over 30secs and abandoned	4.96%	New	4%	3%
Average number of working days to respond to stage 1 complaints (ARC)	Q3: WHG - 4.07 WHS – 3.62 WHE – 3.74 Loretto - 3.46 [redacted]	No change	5	5
Average number of working days to respond to stage 2 complaints (ARC)	Q3: WHG - 16.24 WHS - 12.95 WHE - 16.78 Loretto - 16.18 [redacted]	No change	20	20

Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Average number of working days to respond to all complaints – Stage 1 and 2 (ARC)	Q3: WHG - 5.31 WHS - 4.94 WHE – 5.36 Loretto – 4.51 [redacted]	No change	Contextual	Contextual
Percentage of stage 1 complaints responded to within 5 working days (SPSO)	Q3: WHG – 91.32% WHS – 94.40% WHE - 95.35% Loretto – 95.93% [redacted]	No change	95%	95%
Percentage of stage 2 complaints (direct to stage 2) responded to within 20 working days (SPSO)	Q3: WHG – 90.63% WHS - 100% WHE - 77.78% Loretto - 100% [redacted]	No change	100%	100%
Percentage of escalated complaints (from stage 1 to stage 2) responded to within 20 working days (SPSO)	Q3: WHG – 97.75% WHS - 100% WHE - 100% Loretto - 95% [redacted]	No change	100%	100%
Stage 2 repair complaints as a percentage of Stage 1 repair complaints	WHG - 6.31% WHS - 11.93% WHE - 9.27% Loretto - 4.14% [redacted]	No change	Contextual	Contextual
Satisfaction with the process of getting my new home is improved to 90% ~~by 10%~~ - Allocations CSAT	4.3 in month, 4.4 YTD	Proposed change from 10% improvement to 4.5 / 5 (90%)	4.5 (90%)	~~Improved by 10%~~ 4.5 (90%)

2. Making the Most of Our Homes and Assets

Existing Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Achieve 95% customer satisfaction with their new build home	Not applicable	Methodology to be developed, and baseline established, during 2024/25	Baseline established	95%
Develop ~~4,000~~ 3,200 new homes across all tenures	2023/24: 348	Targets updated to reflect delivery in Years 1-3 and the revised 5 year development programme agreed by the Board in February 2024. Based on the business plan, the anticipated total is 3,168 during the 5 year strategy period. The strategic target shall be updated as part of the 2024 strategy refresh process	772 (Includes 65 market acquisitions)	996 (Includes 19 units at Duke Street)
New - % of our stock meeting the lower limit targets in the SG consultation for Fabric efficiency, measured in kWh/m2/year	Based on the proposed criteria our initial assessment indicated we would currently be at 77%	This is a new measure based on SHNZS consultation and as such will be subject to review. It is however included to provide the Board with visibility on our current position.	77%	80%
New - % of our stock meeting the 'clean' low-carbon heating target in the SG consultation	Based on the proposed criteria our initial assessment indicated we would currently be at 20%	This is a new measure based on SHNZS consultation and as such will be subject to review. It is however included to provide the Board with visibility on our current position.	20%	20%
Reduce the volume of emergency repairs by 10%	7.76%	No change	3.5% (cumulative 6.5%)	3.5% (cumulative 10%)
Percentage of customers who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service (ARC)	LHA 85.15% WHE 96.71% WHG 92.39% WHS 88.83%	No change	90%	90%

Existing Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Percentage of reactive repairs carried out in last year completed right first time (ARC)	91.05%	No change	90%	90%
Average length of time taken to complete emergency repairs (ARC)	2.88 hours (2.93 hours including Lowther)	No change	3	3
Average length of time taken to complete non-emergency repairs (ARC)	8.04 working days (8.08 including Lowther)	Target proposed as 7.5 days for Y4, with supplementary target for in-month to be 7 days by P13/March 2025	~~7~~ 7.5	7
% of damp, mould and rot cases attended within 2 working days		This has changed to a contextual measure and will be supported with additional information on the reasons why any are out with 2 working days e.g. customer choice, a no access or no available appointment	Contextual	Contextual
% of damp, mould and rot cases resolved within 15 days		This has changed to a contextual measure and will be supported with additional information on the reasons why any are out with 15 working days e.g. customer choice, a no access, no available appointment, major repair required or investment required e.g. a roof repair/renewal	Contextual	Contextual
Number of times during the reporting year we did not meet our statutory obligations to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (ARC)	0	No change	0	0
The average time to complete medical adaptations (ARC)	23/24: 18.66	To note this is contingent on the availability of funding to undertake the work	25	25

Existing Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
No of households waiting for adaptations to their home (ARC)	23/24: 88	No change	Contextual	Contextual
Number of RIDDOR reported	17 YTD: Wheatley 360 - 9 Wheatley Solutions - 1 WHS - 2 WH Glasgow – 0 Loretto - 0 WHE - 1 Lowther - 0 Wheatley Foundation - 0 Wheatley Care - 4	Proposed change to contextual	~~Wheatley 360 - 10~~ ~~Wheatley Solutions - 0~~ ~~DGHP - 3~~ ~~WH Glasgow – 2~~ ~~WLHP - 0~~ ~~Loretto - 0~~ ~~DC - 3~~ ~~Lowther - 0~~ ~~Wheatley Foundation - 0~~ ~~Wheatley Care - 2~~ Contextual	~~Wheatley 360 - 10~~ ~~Wheatley Solutions - 0~~ ~~DGHP - 3~~ ~~WH Glasgow – 2~~ ~~WLHP - 0~~ ~~Loretto - 0~~ ~~DC - 3~~ ~~Lowther - 0~~ ~~Wheatley Foundation - 0~~ ~~Wheatley Care - 2~~ Contextual
Number of Health and Safety Executive or local authority environmental team interventions	0	No change	0	0
Number of new employee liability claims received	2	No change	Contextual	Contextual
Group - Number of open employee liability claims	13	No change	Contextual	Contextual
Number of days lost due to work related accidents	597	No change	Contextual	Contextual
Number of accidental fires in workplace.	1	No change	0	0
New - Legionella - percentage of applicable properties with a valid risk assessment in place	Q3 2023/24: WHG 100% Loretto 100% WHE 100% WHS 100%	Formalising as part of the Group PMF, to provide additional assurance	100%	100%

Existing Indicators	Year 3 results at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
New -% of electrical installation inspections completed and number due to be completed	Q3 2023/24: WHG 89.64% Loretto 74.22% WHE 90.41% WHS 99.97%	Formalising as part of the Group PMF, to provide additional assurance	100%	100%
New -% of properties with an EICR certificate up to 5 years old	Q3 2023/24: WHG 99.84% Loretto 99.96% WHE 99.91% WHS 99.97%	Formalising as part of the Group PMF, to provide additional assurance	100%	100%
New - % of applicable fire safety systems with a valid annual servicing in place (Fire Safety - Sprinkler Systems, Emergency Lighting and Fire Suppression Systems)	Q3 2023/24: WHG 100% Loretto 100% WHE 100% WHS 100%	Proposed additional reporting to provide additional assurance	100%	100%

3. Changing Lives and Communities

Indicators	Year 3 as at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Percentage of lets to homeless applicants (ARC)	Group RSLs - 55.54% WHG - 59.32% LHA - 63.01% WHE - 49.70% WHS - 45.48%	No change	Contextual	Contextual
Percentage of relevant lets to homeless applicants	Group RSLs - 57.35% LHA - 61.96% WHE - 58.67% WHG - 60.66% WHS - 45.53%	No change	Contextual	Contextual
House an estimated 10,000 homeless people or households over 5 years	Group RSLs - 2,160 LHA - 92 WHE - 250 WHG - 1,476 WHS - 342	No change	2,000	2,000 (total >10,000)
Over 70% of our customers live in neighbourhoods categorised as peaceful	79.33%	While the methodology for this measure is fixed, given it is sourced from Police Scotland, it is proposed that we change the strategic target to 80%, with 75% in year 4.	~~69.5%~~ 75%	~~>70%~~ 80%
Reduce the number of accidental dwelling fires by 10%	RSLs only - 109 Inc Lowther and Care - 112	No change	8% reduction from baseline figure (Upper limit: 195)	10% reduction from baseline figure (Upper limit: 193)
100% of applicable properties have a fire risk assessment (HMOs)	100%	No change	100%	100%
>10,000 vulnerable children benefitting from targeted Foundation programmes	1,830	Proposed change to Y4-5 targets to reflect current funding. The strategic target remains on track, with an end of strategy forecast of >11,000.	~~1,200~~ 1,000	~~1,200~~ 1,000
>20,000 Wheatley customers accessing services which help alleviate poverty	10,107	No change	9,000	9,000
4,000 jobs and training and apprenticeship opportunities delivered	783	No change to strategic target or the Group level annual targets in Y4-5; however, note that subsidiary level target changes will be proposed to subsidiary boards	800	800
New - 75% of jobs, training places or apprenticeships created which are secured by our customers	78.05%	Formalising as part of the Group PMF	75%	75%

Indicators	Year 3 as at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
90% of Care services are graded 5 or above	73.68%	Formal confirmation received that the Care Inspectorate will now focus on care homes and care at home registration. This reduces the services which might have an inspection. Reduction proposed to 80% for Y4, accounting for this change.	~~90%~~ 80%	90%
Achieve 85% satisfaction with Wheatley Environmental Services	4.1 / 5	MyVoice CSAT for ad-hoc services was launched during 2023/24. During 2024/25, MyVoice will also be launched for Close Cleaning. Target proposed as a MyVoice CSAT score of 4.3 / 5	~~Target to be agreed following baseline~~ 4.3 /5	4.3 / 5 (85%)
% ASB cases resolved (ARC)	Jan '24: Loretto 100% WHS 100% WHG 94.77% WHE 97.73%	Proposed change of target from 98% to 100%	~~98%~~ 100%	~~98%~~ 100%
New - Reduce the number of repeat complaints of ASB by 20%	10% reduction (883)	Formalising as part of the Group PMF this existing commitment in the ASB Framework. Baseline year is 2022/23, when there were 985 repeat addresses.	15% cumulative reduction (Upper limit 766)	20% cumulative reduction (Upper limit 721)

4. Developing Our Shared Capacity

Indicators	Year 3 at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Staff absence for all parts of the business, excluding Care, NETs and trade staff, is maintained at 3%	N/A	This now also excludes the NETS and trade staff to provide a better understanding of absence overall	3.0%	3.0%
Staff absence within Care is maintained at 5%	6.46%	No change	5.0%	5.0%
New - Staff absence within NETs is maintained at 5%	N/A	Target which reflects the nature of the workforce and provides clearer understanding of absence levels that this being an element of the overall figure	5.0%	5.0%
New - Staff absence within trade staff is maintained at 5%	N/A	Target which reflects the nature of the workforce and provides clearer understanding of absence levels that this being an element of the overall figure	5.0%	5.0%

5. Enabling Our Ambitions

Existing Indicators	Year 3 at Feb '24 (unless stated)	Update	Year 4 (2024/25)	Year 5 (2025/26)
Reduce gross rent arrears to ~~4.5%~~ 5% (ARC)	Group RSLs – 5.64% WHG - 6.14% LH - 3.90% WHE - 4.88% WHS - 4.58%	This has been updated in line with the agreed change during last year's strategy renewal to have a target of 5% by 2026. Y4 proposed at 5.2% to reflect incremental improvement towards Y5.	~~4.99%~~ 5.2%	~~4.5%~~ 5%
[redacted]				
Average days to let a home maintained at 16 days (ARC)	WHG - 15.80 LH - 10.06 WHE -13.60 WHS - 11.13 Lowther FMR – 6.09 Lowther MMR – 5.35	No change	RSLs - 16 Lowther - 10	RSLs - 16 Lowther - 10
[redacted]				
[redacted]				
[redacted]				
[redacted]				
[redacted]				

Report

To: Wheatley Housing Group Board

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

Approved by: Steven Henderson, Group Chief Executive

Subject: Scottish Housing Regulator Regulatory Framework

Date of Meeting: 24 April 2024

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1. Purpose

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

- The Scottish Housing Regulator's ("SHR's") revised Regulatory Framework ("the Framework") and associated Statutory Guidance and planned changes; and
- Our Engagement Plan with the SHR.

2. Authorising and strategic context

2.1 Under the Group Standing Orders the Board is responsible for our governance arrangements. This includes a requirement to ensure these meet our legal and regulatory requirements.

2.2 The SHR is our primary regulator and the framework under which the SHR regulates us helps to define the parameters for how we govern the Group. Strategically, the Framework is also important for our funders since it provides them with assurance that we operate in a sector which is well-regulated and supported, which in turn helps to mitigate the risk of their investment in us.

3. Background

3.1 We keep our governance arrangements under review to ensure that they remain fit for purpose and effective. Our governance is also set within the context of the need to comply with the requirements of the Framework. As part of this, we are required to prepare an Annual Assurance Statement ("AAS") in line with the associated SHR Statutory Guidance on how it is prepared and its content.

3.2 The SHR consulted on its proposals for its revised Framework and Statutory Guidance at the end of 2023. The Board considered the updated Framework and Statutory Guidance and approved our consultation response at its meeting in November 2023. We supported the iterative nature of the changes. The Board received an update on the key amendments to the Framework and Statutory Guidance at its last meeting ahead of the Framework coming into effect on 1 April 2024.

4. Discussion

Scottish Housing Regulator – Regulatory Framework

4.1 The new Framework is available via the SHR website at the following link https://www.housingregulator.gov.scot/for-landlords/regulatory-framework. In addition to the new Framework, the SHR also updated some of its associated Statutory and Advisory Guidance and formally confirmed plans regarding the Annual Return on the Charter. An update on each of these areas and the implications for us are set out below:

Regulatory Framework

4.2 The SHR issued its consultation, including a copy of the proposed new Regulatory Framework, in October 2023. The SHR's amendments focussed on enhancing the requirement for landlords to ensure their tenants have warm, safe and affordable homes. The amendments also focussed on requiring landlords to actively seek out the concerns and views of tenants, service users and stakeholders and to listen and respond effectively to these. The SHR's expectation of RSL governing bodies was also updated to include a role for them in ensuring their RSL provides tenants, residents and service users with easy and effective ways to provide feedback and raise concerns, and ensure that the RSL considers this and provides a quick and effective response.

4.3 The SHR published the responses to its consultation which focused on three key areas*:*

- Whilst acknowledging that many landlords do already do so, confirmed it would be introducing a requirement that landlords provide tenants, residents and service users with appropriate ways to provide feedback and raise concerns, and ensure that they consider such information and provide quick and effective responses;
- Affirmed that it would retain three regulatory statuses and that it would make clear the second status (previously '*working toward compliance*') was non-complaint (now "*Non-compliant – working towards compliance*"); and
- Confirmed it would significantly revise its Significant Performance Failure section within the Framework to enhance clarity on when and what tenants can raise with the SHR and how this fits with the other routes for tenants to complain to us as their landlord and the Scottish Public Services Ombudsman.

4.4 The remainder of the changes set out in the draft revised Framework considered by the Board in November were implemented. As indicated in the report to the Board at that time none of the changes will necessitate any change to our existing governance arrangements. This will be affirmed, with supporting evidence, in our 2024 Annual Assurance Statement.

4.5 The changes to the Significant Performance Failure section now see this terminology replaced with '*raising serious concerns*'. The revised wording is now much clearer and the SHR has also now issued *Complaints and serious concerns - Advisory Guidance - Information for social landlords*. A copy of the guidance is attached at Appendix 1. We have never had a Significant Performance Failure and would not expect to have a serious concern given our robust complaints process and commitment to resolving any issues for tenants.

Statutory Guidance

Annual Assurance Statement

4.6 The SHR has affirmed that it will, as proposed in the consultation, include a provision to enable it to require landlords to seek "*explicit assurance on a specific issue or issues*" in the Annual Assurance Statement (AAS). This is in recognition that during any given time there may be issues that arise and the SHR would wish to receive assurances they are being addressed and how. Recent examples have included mould and damp, smoke and heat detectors and Electrical Inspection Condition Reports ("EICRs"). Since these issues may be unforeseen, the SHR cannot set out in advance what assurance it will require and has therefore created flexibility so that it can adapt the requirements of the AAS to respond.

4.7 The SHR recognised feedback from the consultation in relation to:

- The importance of providing sufficient notice of any specific assurance requirements and some concerns about requests for new information that landlords had not previously been collecting; and
- The importance of guarding against a year-on-year accrual of specific assurance requirements.

4.8 The SHR has committed to providing RSLs with as much advance notice as possible of any specific assurance requirements and that it will communicate this to landlords by no later than the end of April each year. It has also indicated that it will aim to have each specific assurance requirement for one year only, unless there is a good reason to maintain the requirement.

4.9 We expect that any specific assurance requirements will relate to areas we already consider as part of our performance management or annual self-assessment. As such we do not anticipate this change giving rise to any material additional work.

Notifiable events

4.10 The SHR indicated that given the positive feedback, it would implement its planned changes to the Notifiable Events Statutory Guidance. The changes are focussed on ensuring that it is clear Notifiable events relate to 'the most significant issues'. In practice, we do not expect the changes to have any impact on our current arrangements as we engage regularly with the SHR including on what matters reach the threshold of a notifiable event.

4.11 The SHR reiterated that notifiable events are not indicators of poor performance, which reflects some notifiable events being more administrative such as RSLs granting leases for mid-market rent properties. The SHR has indicated it intends to publish an annual report on the type of Notifiable Events it receives.

Other

4.12 The SHR also made minor updates to its Statutory Guidance on: Tenant consultation and approval; Section 72 reporting events of material significance; Preparation of financial statements; Determination of accounting requirements for RSLs; Consultation where the Regulator is directing a transfer of assets; Determination of what is meant by a step to enforce a security over an RSL's land; and Group Structures. None of the changes, given their nature, will have any impact on our governance arrangements.

Annual Return on the Charter

4.13 The SHR has now committed to a comprehensive review of the Annual Return on the Charter and will follow this up with a consultation later this year. The new ARC would be introduced from 2025/26 therefore our first return would be submitted in May 2026.

4.14 The SHR confirmed that it will aim to include in this review the development of appropriate indicators for the Social Housing Net Zero Standard, following the conclusion of the Scottish Government's consultation on the proposed Standard.

4.15 The SHR has committed to establishing an appropriate working group, or groups, to work with us to consider all of the indicators in the ARC. We expect to participate in any working group(s).

Engagement Plan

4.16 Under the Framework, the SHR agrees and publishes an engagement plan for every RSL. The engagement plan sets out how the SHR will interact with each RSL during the year. For those in a Group structure such as ours, there is a single engagement plan that covers all RSLs.

4.17 The SHR considers a small number of RSLs to be systemically important. This is because of their stock size, turnover or level of debt, or because of their significance within their area of operation. As the largest RSL group in Scotland, we are considered to be systemically important. As such, the SHR uses the engagement plan to set out the additional assurance it requires from us.

4.18 A copy of our engagement plan for 2024/25 is attached at Appendix 1. The requirements within the engagement plan are similar to those from previous years with the primary updates being in relation to the provision of information:

- A request for the annual update to our strategy by the end of April 2024, which we will provide;
- A copy of the report to the Board on our approach to risk management and mitigation; and
- The provision of evidence (by December 2024) about how we demonstrate affordability for tenants.

4.19 In addition, as part of its engagement plan last year the SHR observed a Group Board and WH South meeting; this year they will observe a Group Board meeting and a WH East meeting. The dates of the meetings the SHR will observe have not yet been agreed.

5. Customer Engagement

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

6. Environmental and sustainability implications

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

7. Digital transformation alignment

7.1 There are no links to the digital transformation programme.

8. Financial and value for money implications

8.1 There are no financial or value for money implications.

9. Legal, regulatory and charitable implications

9.1 This report provided an update on the SHR's Regulatory Framework and Statutory Guidance which we are required to comply with as well as our engagement plan with the SHR. We have arrangements in place to ensure that we meet the SHR's requirements.

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 We mitigate this risk by regularly reporting to the Board on governance-related matters and routinely reviewing our records to ensure that our governance records remain up-to-date and accurate.

11. Equalities implications

11.1 There are no direct equalities considerations arising from this report.

12. Key issues and conclusions

12.1 The changes to the Regulatory Framework and Statutory Guidance are consistent with what the SHR proposed in its consultation. We have robust governance arrangements, which we regularly review and are subject to an annual self-assessment. As such we continue to be in a position where we can provide strong evidence to support our compliance with the Regulatory Framework and Statutory Guidance.

13. Recommendations

13.1 The Board is asked to note the update provided in this report.

LIST OF APPENDICES:

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

Wheatley Group

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 EDI and Human Rights Policy and Action Plan**
Date of Meeting:	**24 April 2024**

1. Purpose

1.1 The purpose of this report is to provide an update on the next iteration of our Group EDI Action Plan, *One Group Many Voices* 2024/25 and to seek approval to update our Group Equality, Diversity and Inclusion ("EDI") and Human Rights policy.

2. Authorising and strategic context

2.1 Our strategy recognises that our customers and communities are diverse and therefore their priorities and needs will reflect this; as such we have a desire to increasingly tailor services to suit the needs of our customers; diversify our Customer Voices; and consider how our workforce will more closely reflect our communities. The Board has also previously emphasised its strong commitment to ensuring that we embrace EDI and a human rights approach in our work, for the benefit of our tenants, customers, staff, and other stakeholders.

2.2 Under the Group Standing Orders and their Terms of Reference, the Wheatley Solutions Board has been tasked with overseeing our EDI and human rights approach by agreeing and monitoring the implementation of an Action Plan. Our Board receives at least an annual update on the work undertaken.

3. Background

3.1 We received a detailed update on our EDI approach in September 2023. This included an update on the implementation of our first Action Plan and how this has supported us to enhance our progress in relation to EDI and human rights.

3.2 With the vast majority of the actions in our original Action Plan already delivered it has now been refreshed, building on the progress we have made. The Wheatley Solutions Board considered and approved our updated Action plan at its meeting in February 2024.

4. Discussion

4.1 The areas of focus for the refreshed plan are as follows:

1) **Different Together with you** – customer and community focus;
2) **Different Together in our Group** - staff and internal culture focus; and
3) **Evolving our data** – whole journey approach and embedding it into decision-making

4.2 These areas form the three outcomes for our updated Action Plan. In considering the themes we have reflected on the shifting of our use of language towards equity. This shift in language is in keeping with the wider practice in EDI, though it does not fundamentally change our approach in terms of actions.

4.3 The updated Action Plan is attached at Appendix 1. The Action Plan was refined following staff and Trade Union engagement. It has also been informed by best practice research and externally reviewed by Business in the Community (BiTC) who welcomed the detail and level of activity. The reviewed Action Plan focuses on embedding and sustaining all the progress and structures built to date.

4.4 A summary of the key updates, the three outcomes and how we plan to measure success with these are detailed below with further detail contained within the Action Plan document.

Updating 'EDI' definitions

4.5 The terminology we use is important to appropriately convey our commitments and aspirations to our staff and customers. We recognise the importance of providing our customers, staff and stakeholders with fair opportunities to access our jobs, homes and services. As such, it is recommended that we update our 'EDI' definitions and change equality to equity.

4.6 We have updated our policy to reflect this change and a copy is attached at Appendix 2. We have also taken the opportunity to make some other minor changes to the policy.

4.7 This focus on 'equity' rather than 'equality' follows a changing language in diversity and inclusion and has been endorsed by BITC. While equality focuses on treating everyone the same, equity acknowledges that treating everyone the same can serve to reinforce barriers faced by some groups.

4.8 Instead, equity has a focus on allowing everyone to achieve a level of parity. In some cases, this may mean taking additional steps to support customers. For example, ensuring equity of opportunity to access housing may not just mean giving everyone a copy of an allocations policy; it could mean taking additional steps to have this translated for someone unable to read English.

4.9 This aligns with our updated face-to-face training being delivered in partnership with Diversity Scotland. As such, when we now refer to 'EDI', for us this means:

- *Equity* – people with different characteristics are treated fairly and have access to the same opportunities to fulfil their potential;
- *Diversity* – respecting and valuing individual differences and unique characteristics, both in our organisation and our communities; and
- *Inclusion* – making sure our employees and customers feel comfortable being themselves and that they feel valued, respected, and heard.

<u>Outcome 1: Different Together with you</u>

4.10 Our first Action Plan had a strong focus on developing staff knowledge and initiatives to enhance our EDI culture and awareness. This has been driven through our staff Community of Excellence (“CoE”).

4.11 ‘Different Together with you’ extends this approach by introducing a CoE network group that focuses on customer and community actions. The network group will include representatives from frontline teams and will allow those teams to provide insight into opportunities we have to improve EDI, based on their insight and experiences from working with our customers.

4.12 ‘Different Together with you’ aims to identify opportunities to improve access to housing by building on research from Shelter in relation to race and social housing. It also has a strong focus on ensuring that EDI considerations are at the forefront of our approach to communications.

4.13 A key priority over the next year will be how we understand and respond to customer vulnerability. Learning from others, such as from the English Housing Ombudsman, and our complaints has identified that a lack of vulnerability information can be a limiting factor in our ability to deliver personalised services.

4.14 This is reflected in vulnerability, set within the context of using such information to support us in delivering personalised services, being a proposed strategic project for 2024/25. Reflecting this, vulnerability is also a priority workstream within the Group Data Strategy.

4.15 An area of very strong focus on this outcome, which reflects the vulnerability theme, will be how we enhance our approach in relation to customers whose first language is not English, or who have specific communication needs relating to disabilities such as blindness or deafness.

4.16 In particular, we will look to improve and embed strong processes at the sign-up stage and after a translation is requested. This will include things such as bespoke translated welcome packs for customers whose first language is not English with very clear information on how to request a repair; make a complaint; report any issues such as ASB; or engage with a Housing Officer or CFC using a translator.

4.17 A copy of the translation and interpretation guide that will form part of the welcome pack is attached at Appendix 3. We would also send this pack automatically to any existing customer who requests a translation. This gives us additional assurance that customers whose first language is not English have the necessary information and knowledge on how to access our core services.

4.18 We know we also need to consider how information is accessible to staff, for example, for repairs staff going to the home of a customer who does not speak English, has low-level literacy, is deaf, or is blind. We are currently engaged with an external organisation who are undertaking a review of our translation provision, with a focus on repairs.

Outcome 2 - Different Together in our Group

4.19 The actions within this section of the plan will help us to build on the foundations we have laid through our staff Different Together CoE, focus groups, and EDI initiatives, particularly in relation to building a strong awareness and positive EDI culture.

4.20 A priority is to continue to ensure that we continue to be a supportive and inclusive employer. It is important that we continue to be able to attract a diverse group of talented staff who reflect our communities. This begins with our inclusive approach to recruitment which helps us to ensure we are seen as an attractive employer for a diverse range of prospective applicants.

4.21 We already have some examples of how our EDI approach has helped us to attract new members of staff; for existing staff, an important part of this outcome will be the introduction of a staff survey question set that helps us to measure whether staff feel included and supported in relation to EDI.

4.22 Our established network groups, supported by Executive Directors, will each lead a high-profile engagement event aligned to development opportunities and/or training delivery, to reinforce our commitment to EDI and demonstrate that our agenda is set from the top.

Outcome 3 - Evolving our data

4.23 Our outcome focuses on data; which links in with our overall approach to making data-enabled decisions. We already have good examples of where we have used our EDI data to help inform decision-making, such as through the development of our approach to Hate Crime. In evolving our approach beyond the Scottish Housing Regulator’s requirement for Registered Social Landlords (RSL) to collect equality data, we will introduce equality data collection and analysis for Lowther Homes mid-market rent customers and people we work for in Wheatley Care.

4.24 We will scope ways to capture EDI data relating to complaints. This will provide insight into whether there are trends from particular customer groups and allow us to review our services or processes to address any issues.

4.25 We will also look to measure the impact our EDI and human rights approach has had on customers, for example, through a question as part of our next RSL customer equality data survey. Given the volume of data, we remain particularly cognisant of data security.

Next steps

4.26 Following Wheatley Solutions Board approval at their meeting on 12 February 2024, the Action Plan has been designed and updated under *Different Together* branding and published on our websites. Progress will be monitored and reported at each Wheatley Solutions Board meeting, with regular updates also provided to our Executive Team and an annual update for this Board.

5. Customer Engagement

5.1 ‘Enhancing our Stronger Voices approach through Different Together’ is a section within the revised action plan, under outcome 1. Customer engagement is a key part of embedding our EDI approach, for example, engaging with groups of people who have different characteristics to inform policy development and Equality Impact Assessments. Recently this has included the development of our Group Hate Crime Policy, our Group Engagement Framework review, and our Group Anti-social Behaviour framework review.

5.2 The collection of equality data required extensive customer engagement as we were required to ask all waiting list applicants, new tenants, and existing tenants for protected characteristic data. Our next customer EDI survey is scheduled for 2025 and, as detailed in the updated Action Plan, we will co-create our approach towards this with customers taking into consideration vulnerabilities and additional support needs.

6. Environmental and sustainability implications

6.1 There are no direct environmental or sustainability implications arising from this report. Diversifying our engagement structures will support our Sustainability Framework implementation by engaging customers with our sustainability priorities, ensuring different perspectives are involved.

7. Digital transformation alignment

7.1 We have developed digital platforms to allow for easier analysis and utilising of our customer equality data. Evolving our data to help identify opportunities to increase access to our services is a focus within the updated Action Plan.

8. Financial and value-for-money implications

8.1 There are no financial implications associated with this report.

9. Legal, regulatory, and charitable implications

9.1 Our Group EDI and Human Rights policy, and the updated Action Plan, support us to comply with our legal and regulatory obligations. In particular, they help us to ensure we comply with the SHR’s Regulatory Framework which requires us to have assurance and evidence that we consider equality and human rights issues properly when making decisions, designing and reviewing policies, and through our service delivery.

10. Risk Appetite and assessment

10.1 Our agreed risk appetite for the legal and regulatory compliance of our ‘W.E. Think’ strategic outcome is “cautious” as although ‘*Wheatley staff are trusted advisors, it is essential that mitigations are in place to help keep customers safe’* In terms of EDI, our mitigation is to engage independent external advice as part of evolving our approach to demonstrate and evidence how we meet our equalities regulatory obligations

11. Equalities implications

11.1 The report sets out our approach to developing the next iteration of our Group EDI Action Plan, *One Group, Many Voices.* These actions will support us to assess equality implications in our decision-making.

12. Key issues and conclusions

12.1 As the Board has previously affirmed, we are strongly committed to ensuring we deliver fair services to our tenants, customers, staff and stakeholders. This is demonstrated through our Action Plan and the oversight of our EDI activity being a formal responsibility of the Wheatley Solutions Board.

12.2 In updating the Action Plan for 2024/25, a key area of enhanced focus is customer communication. In particular ensuring this is as accessible as possible, particularly for those whose first language is not English or who have specific communication needs relating to disabilities such as blindness or deafness.

12.3 The updates to the policy are relatively minor and reflect progress to date. The main change is the language of ‘equity’ rather than equality, and social mobility are themes threaded throughout the Action Plan. We have therefore proposed updates our Group EDI and Human Rights policy to align with this.

13. Recommendations

13.1 The Board is asked to:

1) Note this update and the refreshed Action Plan at Appendix 1; and
2) Approve the changes to our Group EDI and Human Rights policy.

LIST OF APPENDICES:

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

Wheatley Group

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Fire Prevention and Mitigation: annual report**

Date of Meeting: **24 April 2024**

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1. Purpose

1.1 The purpose of this report is to provide the Board with an annual update on:

- The number of Person-Centred Fire Risk Assessments (PCFRAs) carried out across the Group;
- The number of Accidental Dwelling Fires (ADFs) across the Group;
- Progress with our Fire Risk Assessment (FRA) programme; and
- Routine Fire Safety Monitoring in our Multi-Story Flats ("MSFs") by the Scottish Fire and Rescue Service ("SFRS")
- Proposed updates to out Fire Prevention and Mitigation Framework ("FMPF")

1.2 This report covers the period 1 April 2023 to 31 March 2024.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for approving Group Policies/Frameworks and their designation as applicable to all Group partners.

2.2 Our strategy places an emphasis on customers feeling safe and secure in their homes. Our Group Fire Prevention and Mitigation Framework therefore supports us in delivering this aim. We set a strategic target in 2021 to reduce accidental dwelling fires by 10% by 2026.

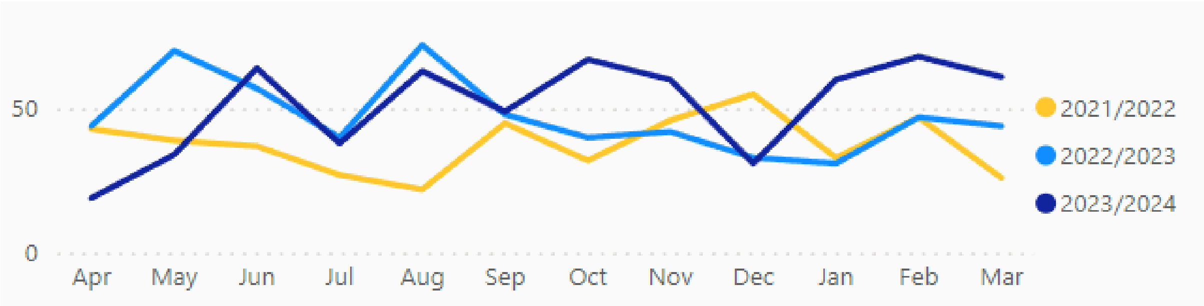
3. Background

3.1 Further to the Board update on the Fire Prevention and Mitigation Framework in April 2023, it was agreed there would be regular Board updates on ADFs, Fire Safety and our FRA program across the Group.

3.2 Further to this, and in recognition of the importance the Group places on delivering unrivalled fire prevention and mitigation services, we have continued to set extremely challenging targets concerning the reduction of ADFs.

4. Discussion

4.1 The Group Fire Safety Team completed 600 PCFRAs between April 2022 and March 2023 and set the same ambitious target for April 2023 to March 2024.



4.2 In the last 12 months between April 2023 – March 2024, the Group Fire Safety Team completed 614 PCFRAs across the Group.

4.3 In addition to PCFRAs, there have been a further 1,004 home fire safety visits undertaken in our customers' homes by Scottish Fire and Rescue between April 2023 – March 2024.

4.4 In our efforts to reduce the fire risk for our most vulnerable customers, the fire safety team provides fire safety advice, guidance, and fire safety products to help reduce the risk of accidental dwelling fires. As a result of the 614 PCFRAs carried out this year, the Group Fire Safety Team has arranged for:

- 130 LD1 systems installed which includes detection in all rooms except the bathroom;
- 167 stove guards to be installed;
- 31 customers to receive specialised detection;
- 400 customers to receive fire safety products; and
- 224 repairs to be carried out in customers' homes.

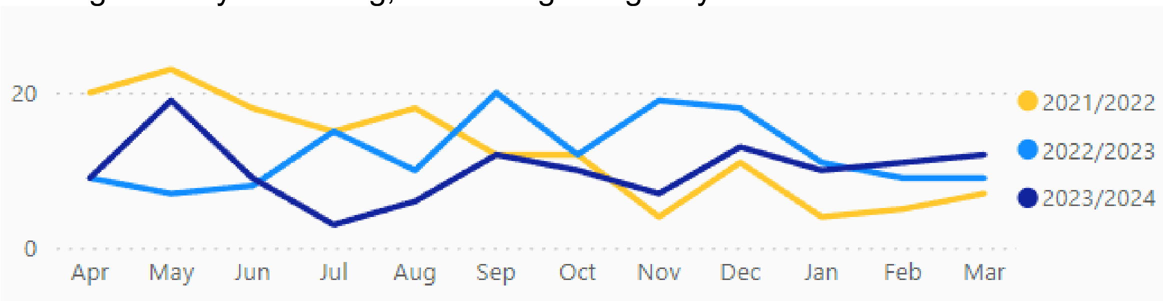
4.5 As well as PCFRAs, the Group Fire Safety Team undertakes post-fire investigation visits (FIVs) to assess the extent of the damage within a property and to identify if any lessons can be learned to reduce the risk of accidental dwelling fires re-occurring. Between April 2023 - March 2024, 35 post-FIVs were undertaken by the Group Fire Safety Team. The majority of fires started in the kitchen and were cooking-related. As a result, recommendations for stove guards were made and the customers were issued with air fryers and fire safety advice and guidance around safe cooking practices.

Accidental Dwelling Fires (ADFs)

4.6 The preventative work, such as PCFRAs, undertaken in the last 12 months by the Group Fire Safety Team continues to be an important factor in reducing the number of fires in our customers' homes.

4.7 The number of ADFs experienced in our RSL customers' homes in 2020/21 was 215, which acted as a baseline for a targeted reduction. We set a strategic target to reduce the number of ADFs by a further 10% between 2021 and 2026.

4.8 Between April 2023 and March 2024, there were 121 ADFs in tenants' homes. This is a reduction of 26 ADFs in comparison to April 2022 – March 2023 (147). In terms of our strategic target, the latest figures represent a 44% reduction on 2021 levels; to the end of March 2024, this is a significant outperformance of the 10% target reduction. The work of the team has undoubtedly contributed to saving customers' lives. The focus will remain on meeting, and potentially significantly exceeding, the strategic target by 2025/26.



Fire Risk Assessment ("FRAs")

Relevant Premises (HMOs, Care Premises, Offices, Depots etc.)

4.9 The completion of FRAs in our relevant premises extends currently to our Corporate Estate that includes Houses of Multiple Occupancy ("HMOs"), Care Premises, Offices Workshops and Depots.

4.10 Between April 2023 and March 2024, 48 FRAs in relevant premises were undertaken to ensure their recommended frequency of review had been met and thereby ensuring ongoing legal compliance.

4.11 Currently, all of our Group's relevant premises have a valid FRA to satisfy the requirements and legal obligations set out in the Fire Safety Scotland Act 2005 and Fire Safety Scotland Regulations 2006.

4.12 No significant issues were identified within our relevant premises during the course of the FRA programme as they have well-established, mature fire safety arrangements in place overseen by competent staff and management teams.

Non-Relevant Premises (Multi-Storey Flats and Livingwell)

4.13 Between April 2023 and March 2024, 65 Fire Risk Assessments were completed for non-relevant premises eg MSFs and Livingwell premises.

4.14 The completion of fire risk assessments in non-relevant premises is not a legal requirement but one that is considered best practice in guidance issued by the Scottish Government.

4.15 In recognition of Practical Fire Safety Guidance for a) Existing High Rise Domestic Premises (as referred to as MSFs) and b) Specialised Housing (Livingwell), the Wheatley Board has previously agreed a 3-year recurring cycle of fire risk assessments, in line with the recommendations outlined in the Scottish Government guidance.

4.16 However, where any significant change to our MSF or Livingwell premises is identified by our repairs team, environmental teams, or locality housing directors, such as refurbishment or an increase in fire incidents, our fire risk assessments will be reviewed more frequently to ensure fire safety arrangements continue to be robust and effective.

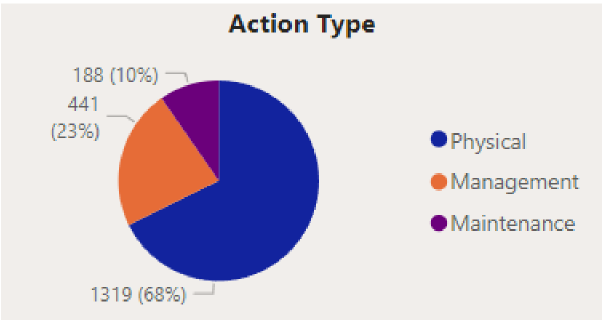
Actions Arising from FRAs

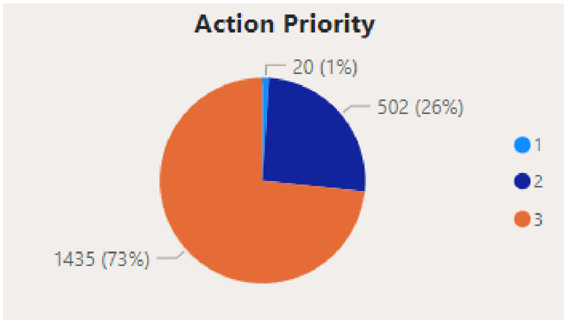
4.17 Between April 2023 and March 2024, there were 113 Fire Risk Assessments completed for both relevant and non-relevant premises.

4.18 The composition of fire safety actions can be broken down into Management (Procedural, Training, Housekeeping Checks etc), Physical (Repairs, Signage, Door Upgrades etc) and Maintenance (Fire Alarms, Extinguishers, Lighting etc) actions that can be associated with various fire safety measures and/or procedural arrangements.

4.19 The majority of actions can be categorised as:

- Priority 1 – action required within 24 hours (1%);
- Priority 2 – action required within 4 weeks (26%); and
- Priority 3 - action required within 6 weeks (73%).





Note: no fire safety improvements, categorised as a Priority 1 was considered a high fire risk and/or threat to life risk during our FRA programme.

4.20 The Fire Risk Assessments across Relevant and Non-Relevant Premises generated the following number of actions between April 2023 and March 2024:

- All Actions – 1956(100%);
- Closed Actions – 1332 (68%);
- Open / Ongoing – 599 (31%); and
- Ongoing 3rd Party – 3 (0.1%).

4.21 Open and Ongoing actions that remain to be completed account for 31% of all actions generated in the FRA Programme between April 2023 and March 2024. These actions are routinely monitored through to full completion.

Scottish Fire & Rescue Service (“SFRS”) Operational Assurance Visits

4.22 The SFRS continues to undertake their Operational Assurance Visits (“OAVs”) in our MSFs in line with their High Rise Building Standard Operating Procedure.

4.23 The SFRS Standard Operating Procedure recommends that OAVs for MSFs are undertaken on a quarterly basis to provide familiarisation with vehicular and building access, hydrant locations, internal layout and location of firefighting facilities and aid in the gathering of operational intelligence etc.

4.24 Basic checks of firefighting facilities are also undertaken to ensure they have been adequately maintained and are in good working order. Any defects identified are reported by SFRS to the Group Fire Safety Team for immediate action.

4.25 Between April 2023 and March 2024, there have been a total of 354 OAVs carried out in our MSFs by SFRS operational crews. These inspections have resulted in 78 mandatory actions. The mandatory actions relate to the repairs and maintenance of firefighting equipment, fire doors and firefighter switches on the lifts. Of the 78 mandatory actions raised, one action remains open and ongoing for repair.

Fire Prevention Mitigation Framework Review

4.26 We have taken this opportunity to update the Fire Prevention and Mitigation Framework and have made several minor amendments. In particular, the definition of ‘vulnerability’ has been updated to match the definition used by the Scottish Fire and Rescue Service.

4.27 The accidental dwelling fire figures have been updated for 2023/2024 and the most recent local authority comparison figures have been included.

4.28 Reference has also been made to a new bespoke Fire Risk Recognition training course that has been designed by the Group Fire Safety Team which will be launched in quarter one. This course will be a mandatory course for all Housing and Care staff.

4.29 A copy of the updated Fire Prevention Mitigation Framework is attached at Appendix 1

5. Customer Engagement

5.1 The Group Fire Safety Team works with our housing management colleagues to conduct PCFRAs with customers who have been identified as potentially higher risk, due to physical, cognitive, mental impairments, substance misuse issues or the condition in which they are maintaining their home. At the time of the visit, an assessment of the property and the customer’s needs is carried out to determine suitable fire prevention control measures.

5.2 As well as PCFRAs, the Group Fire Safety Team undertakes post-FIVs to assess the extent of the damage within a property and to identify if any lessons can be learned to reduce the risk of further fires occurring. The majority of fires started in the kitchen and were cooking-related. As a result, recommendations for stove guards were made and the customers were issued with air fryers and fire safety advice and guidance around safe cooking practices.

5.3 Between April 2023 and March 2024, the Group Fire Safety Team carried out 14 fire safety engagement events across our communities. At these events, the team issued fire safety advice and guidance to our customers and assisted 38 customers with signing up to Home Fire Safety Visits carried out by the SFRS.

6. Environmental and sustainability implications

6.1 The environmental impact of a house fire and building fires present a negative outcome to the environmental commitment of the Group in our efforts to reduce our carbon footprint and promote sustainability.

6.2 The immediate short-term effects of house fires and building fires are the obvious risk and displacement to customers, the release of toxic gas, smoke and other by-products that contaminate the local environment, that can also impact air quality because of the release of greenhouse gases like carbon monoxide and carbon dioxide.

6.3 Negative consequences of a building fire on the environment can also endanger the health and well-being of our customers, their neighbours and our communities.

6.4 Targeting PCFRAs for vulnerable customers and ensuring our fire safety arrangements remain effective in the implementation and review of a robust fire risk assessment programme contributes to the overall commitment of the Group to positively impact our environmental and sustainability responsibilities.

7. Digital transformation alignment

7.1 In support of our Digital Transformation, we have developed a Fire Risk Assessment Dashboard with our colleagues in Asset Intelligence.

7.2 The Power BI Dashboard interfaces with our PIMSS Asset Management System to provide real-time data on the current progress and status of our Fire Risk Assessment Programme, Accidental Dwelling Fires, Person-Centred Risk Assessments and Fire Investigation Notes.

7.3 Access to Power BI Dashboard and PIMSS is shared with Duty Holders and Relevant Persons for access, visibility and updating progress.

8. Financial and value for money implications

8.1 The implementation and completion of PCFRAs and the FRA programme have significantly increased the number of fire safety repairs since it commenced.

8.2 In driving a positive fire safety culture across the Group, that reduces the number of ADFs in our homes and workplace, there are significant cost savings associated with the cost of fires and fewer insurance claims.

9. Legal, regulatory and charitable implications

9.1 The approach to fire risk assessment in a legal context is one of a statutory nature for relevant premises and best practice for non-relevant premises, that protects the Group from unwanted enforcement action, potential prosecution, and reputational risk.

9.2 The Fire Safety Scotland Act 2005 and Fire Safety Scotland Regulations 2006 place legal obligations on Duty holders to conduct Fire Risk Assessments in Relevant Premises (Non-Domestic Premises).

10. Risk Appetite and assessment

10.1 The Group risk appetite relating to issues of technical compliance is averse, defined as the avoidance of risk and uncertainty is a key organisational objective.

10.2 The Group Board approved “Your Home, Your Community, Your Future”: Our five-year strategy covering 2021-2026. This report provides the Board with assurance in relation to the ongoing implementation of the strategy and our ability to respond to new guidance and legislation.

11. Equalities implications

11.1 There are no equalities issues arising from the content of this report.

12. Key issues and conclusions

12.1 The Group Fire Safety Team exceeded their target of 600 PCFRAs in the year.

12.2 Accidental dwelling fires are lower than that of the same period last year (between April and March) and the latest figures represent a 44% reduction in fires from 2021 levels. This significantly exceeds our 10% strategic target and shows the contribution of the team to safeguarding tenants.

12.3 Fire risk assessments in both our relevant and non-relevant premises in accordance with Scottish Government guidelines and best practice maintain the Group’s position of strong legal compliance for fire safety.

12.4 All relevant premises, MSFs and Livingwell premises continue to have in place a valid fire risk assessment where a high percentage of recommendations have been actioned and closed.

12.5 The Scottish Fire & Rescue Service continues to carry out Operational Assurance Visits and a high percentage of mandatory actions noted have been closed.

13. Recommendations

13.1 The Board is asked to
1) note the update and progress of work under the Fire Prevention and Mitigation Framework for April 2023 – March 2024;
2) approve the updated Fire Prevention and Mitigation Framework.

LIST OF APPENDICES

Appendix 1: [redacted] available here

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Health and Safety Annual Report**

Date of Meeting: **24 April 2024**

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1. Purpose

1.1 The purpose of this report is to provide the Board with an update on health and safety performance across the Group for the year ended 31 March 2024.

2. Authorising and strategic context

2.1 Under the Group Standing Orders the Group Board is responsible for approving Group Policies and their designation as applicable to all Group partners. The Group Health and Safety Policy was approved by the Board and designated as a Group Policy.

2.2 The Group Board is also responsible for monitoring performance against our targets. This report supports the Board to do this by providing an update on the arrangements in place across all subsidiaries to ensure we meet or exceed our legal requirements or achieve best practice, where health and safety legislation is concerned.

3. Background

3.1 The Board approved the current Group Health and Safety Policy in December 2021. Whilst a legal requirement, the Group Health and Safety Policy also provides the foundations for our health and safety management system and a positive health and safety culture.

3.2 Our Group Health and Safety Policy is part of our overall health and safety architecture as shown below, along with our Group Health and Safety Management System, Group Health and Safety Management Arrangements and Operational Safety Manuals. Each of these is discussed below.

3.3 Monitoring arrangements are in place to maintain the validity and accuracy of the Group Health and Safety Policy and associated Health and Safety Management Arrangements (HSMAs). This includes considering the implications for the policy of any organisational changes that are taking place, service evolution and any new and emerging legislation or best practice guidance that may impact the Group.

4. Discussion

Group Health and Safety Policy

4.1 The Group Health and Safety Policy was last approved by the Group Board in December 2021 and the next formal review is due in December 2024. In addition, interim reviews of the policy also take place more regularly, with the last interim review taking place in January 2023.

4.2 The Group Health and Safety Policy is available to all members of staff and located on WE Connect in a digital format. Health and Safety training is provided through MyAcademy to all relevant staff groupings.

Group Health and Safety Management System (HSG65)

4.3 Organisations have a legal duty to put in place suitable arrangements to manage health and safety. These arrangements go beyond just having our health and safety policy and incorporate a wider and more holistic approach to managing health and safety.

4.4 Our Group Health and Safety Management System follows the Health and Safety Executive (HSE) Guidance for Successful Health and Safety Management (HSG65). It is based on a continuous improvement model as outlined above and will help support us to achieve accreditation in ISO45001: Occupational Health and Safety Management.

Group Health and Safety Management Arrangements (HSMAs)

4.5 The Group Health and Safety Team is progressing with the integration and harmonisation of existing health and safety procedures across all group subsidiaries, in the form of Health and Safety Management Arrangements ("HSMAs"), to ensure a consistent approach is achieved for legal compliance and managing health and safety across all business areas where there is a statutory requirement.

4.6 While there are well-established procedures in place across all subsidiaries, the development of Group HSMAs allows us to share best practice and maintain consistency in our approach to health and safety management that captures the roles and responsibilities of management and staff for doing so.

4.7 To support the development of Group HSMAs, a register related to health and safety legislation has been established to demonstrate our legal compliance and best practice approach in health and safety management.

4.8 Working groups have been established with cross-Group representation to drive continuous improvement across the business in key areas of health and safety practice. These groups help drive our health and safety culture forward, which includes fire safety, lone working, trades, and safety compliance.

4.9 To date, the following HSMAs have been established and implemented for key health and safety risks, following a process of consultation:

- Asbestos;
- Construction Design Management (CDM);
- Electrical Safety;
- Fire Safety;
- Gas Safety;
- Control of Legionella;
- Medication (Administration and Management);
- Control of Vibration;
- First Aid at Work;
- Personal Safety; and
- Safe Driving.

4.10 It is anticipated that the integration and harmonisation of existing health and safety procedures across all subsidiaries will be complete in a group-wide format (HSMAs), by the end of the financial year 2024/25.

Operational Safety Manuals (OSMs)

4.11 The final part of our health and safety architecture are the Operational Safety Manuals ("OSMs"). These document risk assessments, safe systems of work, local procedures, guidance, and best practice, specific to the nature of the business.

4.12 OSMs are kept under review on a 2-year rolling cycle, to maintain risk assessments and safe systems of work for all business areas and ensure that any new and emerging risks are evaluated and assessed for staff and customer safety.

4.13 Operational Safety Manuals are developed in line with the nature of the business and have been established for 5 key business areas across the Group, including:

- Care;
- Housing;
- Neighborhood and Environmental Teams (NETs);
- In House Trades; and
- Corporate Services.

4.14 Operational Safety Manuals were subject to a full review in July 2022 and are updated on an ongoing basis, as required. The review period shall not exceed 2 years and may be more frequent, for example where a significant change in legislation, best practice or safe system of work is identified.

Health and Safety Training for Managers

Health and Safety Management

4.15 The Group Health and Safety Team have developed a 1-day Health and Safety for Managers course. All managers, supervisors, team leaders, and Directors must attend the training that provides oversight of the Group Health and Safety Management System.

4.16 The training provides an understanding of our legal obligations, roles and responsibilities and the arrangements in place for safeguarding the health, safety and wellbeing of staff and customers. Health and Safety Management training will be refreshed every 3 years.

Hand and Arm Vibration (HAV) for Managers

4.17 We have established a new training course for managers responsible for environmental and trades teams, whose staff members may be exposed to Noise and Vibration at Work, when using portable power tools and machinery.

4.18 This training provides an understanding of the risks associated with vibrating tools and machinery, the group arrangements for mitigating risks and the measures in place for staff health surveillance.

Construction Design and Management Regulation (Dutyholders)

4.19 In conjunction with Glasgow Caledonian University, we have also provided training to respective duty holder roles across the business to ensure there is a clear understanding on the application of the CDM Regulations.

4.20 Training was delivered across 5 x half days in Glasgow, Edinburgh and Dumfries, to managers and staff from our Repairs and Investment Teams, Property New Build Team, Facilities Management, Procurement and Health and Safety Teams.

4.21 We have implemented a Group-wide CDM Health and Safety Management Arrangement (HSMA) following a process of consultation with the Leadership Team and Trade Unions.

4.22 The Group HSMA: CDM has also resulted in the development and introduction of revised contractor vetting procedures to ensure that Client duties (in accordance with CDM) are upheld for the appointment of competent contractors.

4.23 Contractor vetting is incorporated into the procurement process with the Group Health and Safety Team evaluating the health and safety submission of potential suppliers at the tendering stage.

4.24 Going forward, all contractors involved in the delivery of services that attract the application of CDM Regulations, shall be assessed annually as a function of the Contract Management System (CMS).

Health and Safety Training (Mandatory)

4.25 To ensure the safety of our staff and customers and meet our legal obligations under the Health and Safety at Work Act to provide Information, Instruction and Training, we adopt a blended approach to training.

4.26 Notwithstanding any face-to-face training or practical training for the use of workplace tools and machinery, we have in place an e-Learning Platform for the delivery of mandatory health and safety training across all subsidiaries.

4.27 Mandatory e-learning for all groups of staff have been established and implemented across all subsidiaries to supplement role-specific training. This training is monitored by line managers and reported quarterly at Health and Safety Committee's for where, further action may be required.

Homeworking

4.28 Homeworking arrangements are well established in all subsidiaries across Group. Homeworking Training, Information, Instruction and Training is monitored regularly by the Group Health and Safety Team.

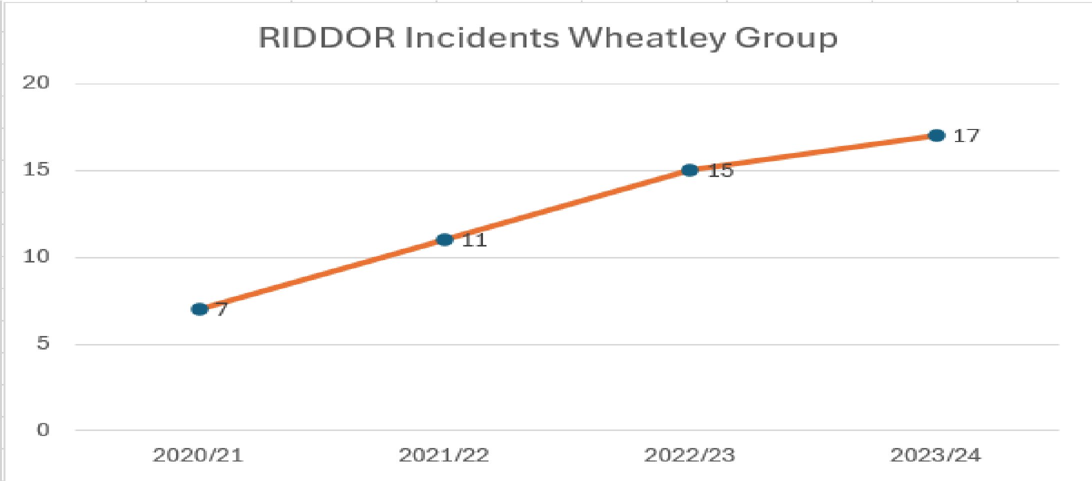
4.29 There is currently an 84% compliance rate with our Homeworking arrangements for Agile Home-Based Staff. None of our Homeworking Self Assessments have been returned to Management or the Group Health and Safety Team as showing unsatisfactory.

Accident and Incident Reporting

4.30 There is a legal requirement for us to investigate and report accidents and incidents involving staff, contractors, and customers in accordance with the Reporting of Injuries, Disease and Dangerous Occurrences (RIDDOR Regulations).

4.31 In the last financial year, the Group reported 17 x RIDDOR related incidents to the Health and Safety Executive which, was below our set target of 20.

4.32 Accident-related incidents resulting in over 7-day absences accounted for all RIDDORs, all of which, are investigated by the Group Health and Safety Team. It should be noted that no further correspondence from the HSE or Environmental Health occurred following the reporting of all RIDDOR incidents.

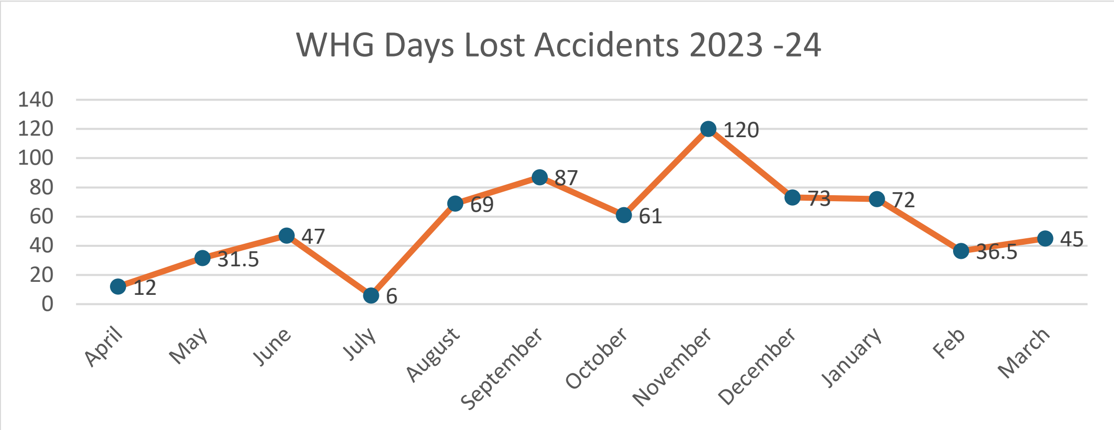


RIDDOR Incidents				2023/24
Subsidiary	**Q1**	**Q2**	**Q3**	**Q4**
Loretto Housing	0	0	0	0
Lowther Homes	0	0	0	0
W360	2	2	4	1
Wheatley Care	1	1	0	1
Wheatley East	1	0	0	1
Wheatley Homes Glasgow	0	0	0	0
Wheatley Solutions	0	1	0	0
Wheatley South	2	0	0	0
TOTALS	**6**	**4**	**4**	**3**

RIDDOR Incidents	2023/24			
Incident Type	**Q1**	**Q2**	**Q3**	**Q4**
Dangerous Occurrence	0	0	0	0
Fatality	0	0	0	0
Hospitalisation	0	0	0	0
Occupational Disease	0	0	0	0
Over 7 Day	6	4	4	3
Specified	0	0	0	0
TOTALS	**6**	**4**	**4**	**3**

4.33 The number of RIDDOR related incidents experienced in 2023/24 was below the predicted target of 20 incidents but above previous years. This is due to heightened awareness of Incident Reporting amongst managers, supervisors and team leaders who have attended Health and Safety Management Training. The increase is also a result of further cross-reference checks with the People Services Team for Lost Time Accidents.

4.34 The number of lost time days as a result of a work-related accident is an indicator that will be measured in all future reports to Board and the Group Executive Team. In the Year 2023/24, there were approximately 660 lost time days as a result of a work-related accident.



4.35 Going forward, our aim will be to reduce the number of lost time days as a result of work-related accidents through early intervention and the support of occupational ill health and people services for musculoskeletal injuries, to support staff to safely return to work at the earliest opportunity.

Employee Liability Claims Experience

4.36 There are currently 12 x Open Employers' Liability Claims being investigated and considered by our insurer for accidents and incidents at work.

4.37 The financial reserve on each claim varies between £4k - £142k for incidents such as slips, trips and falls, manual handling to more isolated but significant, eye injuries and physical assault.

4.38 We are currently deploying a digital incident reporting system that will improve the quality and quantity of information provided on incident reports which will improve recurrence rates and our mitigations for liability claims going forward.

Digital Incident Reporting System (WE Notify)

4.39 Following a market appraisal and supplier engagement, the Group Health and Safety Team have appointed a preferred supplier for a digital incident reporting system (WE Notify) that enhances our incident reporting procedures and specifically, for those staff working remotely and from home.

4.40 The digital incident reporting system will provide access and means to report a wide variety of incidents remotely from laptops, tablets, and mobile phones, providing real time notification and alerts to Group Health and Safety Team and Management of incidents occurring across all business areas.

4.41 The digital Incident Reporting System has gone live following a process of consultation, engagement, and training across all business areas. It is anticipated that the system will enhance our reporting procedures and improve our level of reporting and subsequent investigation to prevent recurrence and mitigate the risk of enforcement and liability claims.

ISO45001: Occupational Health and Safety Management

4.42 The architecture of our Group Health and Safety Management System is one that will lead the Group to Accreditation in ISO45001: Occupational Health and Safety Management. This demonstrates a real statement of intent with regard to our health and safety culture and the arrangements in place for safeguarding the health, safety and wellbeing of our staff and customers.

4.43 ISO Standards are a best practice approach and are recognised at an international level amongst industry experts. In the case of health and safety management, ISO45001 demonstrates a best practice approach that is widely recognised amongst regulators and governing bodies.

4.44 We are on a journey to achieving that accreditation status with a targeted timescale for award by April 2025.

4.45 Accreditation to ISO45001 as a recognised and effective Health and Safety Management System shall further enhance the standard and profile of our health and safety management system, leadership commitment, safety culture and reputation as a leading housing and care organisation.

Benefits of ISO45001 Accreditation: -

5. Customer Engagement

5.1 The Group Health and Safety Policy and supporting Management Arrangements are subject to consultation with recognised Trade Unions. No adverse comments were received from those consulted in the review of the Group Health and Safety Policy and subsequent Health and Safety Management Arrangements.

5.2 More generally, discussions have taken place with colleagues and Trade Unions on the development of health and safety management arrangements and the review of operational safety manuals, discussed in this report.

5.3 Quarterly Health and Safety Committee meetings take place involving senior staff from across the Group and Trade Union officials. These meetings provide a route for discussing health and safety related matters, their escalation and means of resolution, as required.

5.4 The Group Health and Safety Committee structure ensures that we comply with the requirements for consultation and more specifically, our legal obligation under the Safety Representative and Safety Committee Regulations and Health and Safety (Consultation with Employee) Regulations

6. Environmental and sustainability implications

6.1 Our revised health and safety policy is a necessary and key part of ensuring the success of our new operating model. This operating model, which includes agile home working as highlighted above, will have positive environmental and sustainability implications including through:

- Reducing unnecessary travel to an office location;
- Encouraging staff to meet, when necessary, in our new hub locations that include measures to reduce our carbon footprint such as solar PV; and
- Increasingly looking to encourage the use of electric vehicles and power tools, and active travel, where appropriate, to the work being carried out.

7. Digital transformation alignment

7.1 Technology is used where appropriate to support safe working arrangements. An illustration of this is the introduction of the lone working app and Pebble device discussed above.

7.2 E-learning training is also being developed beyond our Health and Safety Awareness and Fire Awareness courses, to reflect our new operating model.

7.3 Over the last 12 months we have introduced many new courses to support staff such as Homeworker, Personal Safety and Introduction to First Aid which also demonstrates our commitment to our legal obligations for the provision of Information, Instruction and Training under the Health and Safety at Work Act.

7.4 We are currently in the process of implementing a Digital Incident Reporting System, that will enhance our current reporting procedures and further safeguard the safety and wellbeing of staff in addition to strengthening our compliance and mitigation for liability claims.

8. Financial and value for money implications

8.1 No further implications noted.

9. Legal, regulatory and charitable implications

9.1 The Group’s risk appetite relating to laws and regulations is “Averse” i.e., avoidance of risk and uncertainty is a key organisational objective. The risk tolerance of all subsidiaries relating to technical compliance (e.g., Health and safety, gas) is also “Averse.”

9.2 Health and safety compliance risks and associated mitigations are included in the group strategic risk register and in the subsidiary risk registers.

9.3 Failing to comply with the statutory health and safety legislation and employers’ general duties under the Health and Safety at Work Act and associated Regulations could lead to regulator intervention, enforcement action, prosecution, and adverse reputational risk.

10. Risk Appetite and assessment

10.1 The Group risk appetite relating to issues of technical compliance is averse, defined as avoidance of risk and uncertainty is a key organisational objective.

10.2 The Group Board approved “Delivering Safer Communities: Our Fire Prevention and Mitigation Framework” in August 2017. It was agreed at this time the Group would undertake Fire Risk Assessments for Existing High Rise Domestic Premise and Living Well Premise, in addition to all relevant premises.

11. Equalities implications

11.1 There are no implications for Equalities associated with this report.

12. Key issues and conclusions

12.1 The Group Health and Safety Policy is well established and implemented in all areas of the Group. The Health and Safety Policy satisfies a legal requirement under the Health and Safety at Work Act but more importantly, demonstrates the commitment and importance that we place on the safety and wellbeing of our staff and customers.

12.2 The Health and Safety Management System currently in place is recognised as a best practice approach by the Health and Safety Executive for continuous improvement. There are many components to our Health and Safety Management System including our Health and SafetyPolicy, Health and Safety Management Arrangements, Operational Safety Manuals (OSMs), H&S Training and the collaboration of our dedicated Working Groups, led by the Group H&S Team.

12.3. Our efforts to improve incident reporting procedures that will drive a positive safety culture and mitigate our liability claims experience is moving at pace with the proposed introduction of a digital incident reporting platform. This will improve our current paper-based approach and fit with our current operating model where we have staff working remotely from home and in our communities.

12.4 Awareness of health and safety management is being heightened in the delivery of our health and safety management training amongst all managers, supervisors and team leaders. Working in partnership with Glasgow Caledonian University, the Group Health and Safety Team are improving learning and competencies in specific areas of legal compliance such as Construction, Design and Management Regulations 2015.

12.5 In developing our Health and Safety Management Arrangements to ensure legal compliance in all areas of health and safety legislation, we are driving the Group towards recognised Health and Safety Accreditation in ISO45001 that will further demonstrate and enhance, the standard and profile of our health and safety management system, leadership commitment, safety culture and reputation as Scotland’s leading Housing and Care organisation.

13. Recommendations

13.1 The Board is asked to note the contents of the report.

LIST OF APPENDICES:

None

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Home Safety Building Compliance**

Date of Meeting: **24 April 2024**

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1. Purpose

1.1 This report provides an update on our Home Safety Building Compliance work programmes during 2023/24.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Board has a role in the overall monitoring and scrutiny of our compliance with relevant legislation and regulation across our Group partners. This report provides the Board with an update and details of our Home Safety Building Compliance works. Our Group partner Boards received updates on Home Safety Building Compliance in their areas at their most recent Board meetings.

2.2 In line with our strategy, we commit to "make the most of our homes and assets". Our home safety programme helps to ensure that we protect and maintain our existing assets and our customers.

3. Background

3.1 Our Home Safety Building Compliance work programmes include gas servicing, lift servicing, thermostatic mixing valves (TMVs), water management (including legionella prevention) and electrical works such as electrical inspections and smoke and heat detector renewals/replacements.

3.2 Landlords have obligations under legislation or approved codes of practice for a variety of building maintenance and inspection activities. This includes a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check. We also have a mandatory responsibility for electrical safety including carrying out electrical inspections, commonly referred to as Electrical Installation Condition Reports (EICR) or Fixed Installation Testing (FIT), and responsibilities relating to firefighting equipment (i.e. dry risers/sprinklers) lifting equipment, and alarm systems.

3.3 Arrangements for how we meet our various obligations through our compliance work programmes are shown in the table below.

Work Stream	Cycle	Status
TMV maintenance and Installation	Annual	Rolling programme ongoing
Smoke and Heat Detector re-life programme	Every 10 years but is dictated *annually* by build date / LD2 install date	Rolling annual programme ongoing
Electrical (EICR)	Maximum Every 5 years	Rolling annual programme ongoing
Gas Servicing	Annual (10-month cycle)	Rolling programme ongoing
Lift Insurance Inspections	Six monthly	Rolling programme ongoing
Proactive Lift Maintenance	Monthly Checks	Ongoing programme
Mechanical and Electrical Works	Subject to asset requirements: examples include CCTV, pumps, aerials, and alarms	Ongoing programme
Common window inspections	Annual	Ongoing
Dwelling windows and doors MSFs	5 yearly 20% per year	Rolling programme ongoing
Emergency Lighting Maintenance (MSFs)	Annual	Rolling programme
Asbestos surveying	Annual	Ongoing programme

3.4 These arrangements ensure that we meet our legislative and other compliance obligations. As well as meeting our obligations, our home safety work programme also looks to:

- Ensure customer safety within their homes by undertaking both statutory and good practice compliance activities in line with lifecycles/recommendations;
- Increase access levels for our Joint Venture partners, our in-house repairs delivery teams and other specialist contractors such as Equans;
- Package up home safety visits where practical and minimise the number of visits to decrease inconvenience to the customer while enhancing value for money and productivity;
- Increase the visibility of compliance works with frontline staff, particularly colleagues who can engage with customers while raising day-to-day repairs on their behalf;
- Promote the value of home safety works to our customers through regular marketing campaigns on our social media channels and website; and
- Abide by guidance and requirements including those set by the Scottish Housing Regulator for mandatory work programmes such as Gas and Electrical.

One and done approach

3.5 Our approach to delivering compliance activities is set out in our Group Repairs and Maintenance Policy Framework which indicates that:

"The Group's approach is to offer a one-stop shop service through compliance trades teams for compliance events required within a customer's home. This service aims to minimise disruption to the customer and to provide assurance on the safety of our homes."

3.6 To that end, we have dedicated Home Safety delivery teams within City Building Glasgow (CBG) and our internal maintenance delivery teams. These teams work collaboratively with our Asset Landlord Repairs Investment and Compliance team in the West and our asset teams in the East and South. Home Safety Teams consist of key leads across gas, electrical, water management, multi-storey flat (MSF) works and lift safety. Our mechanical and electrical (M&E) contractor Equans also mirrors this approach.

3.7 The *one and done* approach means that where practical, related compliance activities are packaged together taking into consideration asset compliance cycles, property attributes and individual customer requirements. Our *one and done* compliance packages are:

Type of Package	Stock Targeted	Type of works
Home Safety Bundle 1: Gas and Water Mgt works	Gas properties	▪ Annual gas servicing ▪ Temperature checks at water outlets ▪ TMV servicing/installs ▪ Test/servicing of smoke/heat/carbon monoxide detectors ▪ Complete all certification
Home Safety Bundle 2: Electrical installs and servicing	All properties	▪ Installation of Smoke + Heat detectors (re-life programme) ▪ Carry out EICR inspections
Home Safety Bundle 3: Joinery and electrical	MSF & electric properties	▪ Test/servicing of smoke and heat detectors ▪ Service MSF dwelling windows and doors

3.8 Across the Group, we take the opportunity when a property becomes vacant to carry out any required compliance activities. This ensures that every new tenant moves into a home that is safe and secure, while also maximising access opportunities to undertake as much cyclical or capital compliance works as possible while the property is vacant.

4. Discussion

Gas Safety

4.1 To achieve compliance in Gas Safety, we need to undertake a gas safety check for the 47,266 homes across the Group that have a gas supply each year. This year we again maintained 100% completion and have no failed CP12s.

4.2 Key to the delivery of this programme and full compliance is timeous access to our customer's homes. In addition to issuing appointment letters, our teams carry out outbound calling through our customer first centre. This helps maximise access and provides customers the flexibility to change appointments to suit their circumstances.

4.3 As a last resort, and only after we have exhausted all reasonable efforts to obtain access through communication and liaison, we move to a forced appointment to ensure the safety of our tenants and protect our assets.

Total Gas Services required	Total Complete	Percentage complete to date
47,266	**47,266**	**100%**

Water Management

4.4 Water management is delivered through a year-round rolling programme.

4.5 Our regime varies on a site-by-site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include visual inspections of the tanks, risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001 are met.

4.6 The table below provides details of progress against the rolling annual programme. In line with our Group Health & Safety Management Arrangement relevant premises tasks are 100% complete. The outstanding tasks noted relate to supplementary visits where access is required but has not yet been achieved despite multiple attempts for routine domestic dwelling inspections. Such inspections include visual tank condition checks and shower head de-scales. All no-access tasks will continue and be re-scheduled into the 2024/25 rolling programme.

Inspections/tasks completed	Total Inspections/tasks Required	Percentage completion
6,124	**6,713**	**91.2%**

TMV Servicing for qualifying households

4.7 Our TMV programme across is a best practice approach that involves a rolling annual programme of households with potentially vulnerable customers (i.e. those under 5 or over 75 and care sites / specialist housing locations).

4.8 Of the 9,295 properties in the programme across the Group, inspections have been completed at 7,858 homes. This is a completion rate of 84.5%.

4.9 Where inspections have not been undertaken, these homes have been subject to intensive attempts to gain access including proactive contact, up to three access attempts, Housing Officer visits and final letters to customers informing them of our attempts and inviting them to contact us to make an appointment. Forced access is not undertaken in keeping with the non-mandatory nature of the programme.

4.10 Progress has been made in improving access from previous years through carrying out TMV servicing, in applicable properties in the west, at the same time as the gas service. Going forward, we plan to pilot and introduce (subject to no adverse findings from the pilot on areas such as gas compliance) this approach in all parts of the Group.

Qualifying Households	Inspections completed	Total Inspections Required	Percentage completion
9,295	**7,858**	**9,295**	**84.54%**

Smoke and Heat Detectors

4.11 Smoke and heat detectors that meet the LD2 rstandard have installed either at the time of construction (for recently built homes) or as an upgrade through our rolling 10-year programme. This programme includes extensive communications with customers and forced access, after all other engagements are exhausted, to ensure compliance.

4.12 All our **64,510** RSL and Lowther properties, except one have compliant LD2 smoke and heat detectors. The one property that does not have an LD2 is known to us and has a conventional detector. We are working with the customer at present to agree on an appropriate product suitable to their particular needs.

Periodic Electrical Testing (EICR)

4.13 Periodic electrical inspections are required in all properties on a cycle of no more than 5 years. Where access is not achieved, landlords must make and be able to demonstrate “reasonable efforts” to ensure that homes are accessed to carry out the inspection. So far, we have completed inspections in 99.9% of properties and ensured that we have made reasonable efforts to gain access to the others.

4.14 The outstanding addresses are currently being managed by our Housing Teams to find solutions to the issue preventing the EICR from being carried out. Once resolved these addresses will be quickly programmed for completion through our in-house repairs delivery teams or our City Building Glasgow joint venture.

Qualifying Addresses*	EICRs: current number that is out with 5 years	Percentage complete to date
64,286	**60**	**99.9%**

**Excludes any long-term voids*

Lift Inspections and Maintenance

4.15 Proactive servicing of our passenger lifts is carried out monthly via our approved insurance company.

4.16 Lift performance, such as time to complete any minor defects or major repairs, is routinely monitored and managed within set Service Level Agreement (SLA) timescales. Examples of these SLAs include one hour for trapped passengers and all other emergencies within four hours.

No. of Passenger lifts	Total Inspections complete	Percentage complete to date
405	**404 ***	**99.9%**

**[redacted]*

Mechanical and Electrical (M&E) Works

4.17 M&E service visits are carried out via our rolling programme of works across the Group by our M&E contractor Equans to meet respective routine servicing tasks and statutory requirements including, wet and dry riser pressure testing, sprinkler systems, fire alarm maintenance and tests, lighting conductors, ventilation, automatic opening vent (AOVs) and closed-circuit television (CCTV) repairs and any general maintenance. This ensures that our compliance obligations are met and that these systems operate as intended.

Asbestos Surveying

4.18 Asbestos management survey inspections of communal areas are undertaken across the Group through an annual programme by Specialist Asbestos Contractors and by the CBG asbestos team. Following inspections, the report for each block is uploaded to our Group asset management system PIMSS to identify and manage asbestos in common areas.

4.19 All relevant staff have access to asbestos information relating to our properties through PIMSS. These staff also provide asbestos information to contractors when they are required to work in our properties and this work is monitored by our Compliance Team.

4.20 Where asbestos is identified that requires removal, a process is followed that ensures this is managed and correct safe working procedures are followed. If there is ever uncertainty on the presence of asbestos, sampling is undertaken before work begins using a licenced asbestos contractor, with remedial works carried out as necessary. These measures ensure that our obligations relating to asbestos are met.

5. Customer Engagement

5.1 Extensive customer engagement is essential in ensuring access. Experience tells us the value of proactively engaging our customers, and emphasising the importance of our compliance work programmes through our “Stay Safe” messaging, use of social media and our website.

5.2 Our Housing Teams also emphasise the importance of allowing access for compliance programmes during routine contact with our customers and at the annual tenant visit.

5.3 We reinforce key messages where appropriate in all our communications to customers including that their safety is important to us as a landlord and that compliance activities are essential work aimed at keeping you and your home safe.

5.4 We also supplement these key messages, where appropriate with details of the individual project or work being carried out, using a range of methods including telephone calls, online, web and social media.

6 Environmental and sustainability implications

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

6.2 Our approach to carrying out related compliance works in one visit wherever practical means fewer visits by engineers and trade staff and less vehicle emissions.

7. Digital transformation alignment

7.1 We are looking to align our compliance work programmes with our overall Group digital transformation strategy. Opportunities include giving customers more choices over appointment timeframes and offering a digital self-serve method for the customer to arrange compliance works in their homes.

8. Financial and value for money implications

8.1 Funding for our compliance programmes is included as part of our agreed 5-year capital investment asset plan.

9. Legal, regulatory and charitable implications

9.1 Our compliance activities support us to meet our legal obligations as a landlord. At this time, we do not expect any additional compliance requirements to be introduced. However, we will maintain a forward look including through our relationships with the Scottish Government and the SHR.

10. Risk Appetite and assessment

10.1 Our risk appetite relating to building compliance work streams is “minimal” i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.

10.2 The compliance activities and the progress against them discussed in this report ensure that the risk is managed in line with our agreed risk appetite.

11. Equalities implications

11.1 Specific work programmes and solutions have been developed and put in place to address potential vulnerabilities due to age i.e. the TMV Servicing programme and particular customer needs as mentioned earlier. When undertaking works, we carry these out in ways that minimise inconvenience to our customers including offering a range of appointments that suit their needs and a one-stop shop service through compliance trades teams where appropriate and practical.

12. Key issues and conclusions

12.1 We are continuing to complete all compliance activities as required to meet our obligations and keep our customers and homes safe. We are also continuing to develop our approach to maximising access for compliance works through our new operating model.

12.2 Our “one and done” approach is delivering similar compliance activities, subject to asset cycles, property attributes and customer requirements, in a single visit. We also monitor changing legislation and best practices to ensure we remain agile and maintain our commitment to providing a robust level of landlord assurance across the various compliance activities.

12.3 We robustly monitor and manage the performance of City Building Glasgow, our M&E contractor and in-house delivery teams to ensure tasks are delivered on time and to the required standards.

13. Recommendations

13.1 The Board is asked to note the content of this report and the ongoing approach to managing and delivering our Home Safety Building Compliance related works.

LIST OF APPENDICES:
None

Wheatley Group

Report

To:	**Wheatley Housing Group Board**
By:	**Frank McCafferty, Group Director of Repairs and Assets**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Sustainability progress report**
Date of Meeting:	**24 April 2024**

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1. Purpose

1.1 To provide the Board with an update on progress against our Sustainability Framework.

2. Authorising context

2.1 The Group Board is responsible for setting strategy. As part of this, the Board agreed our Group Sustainability Framework in December 2022. The following commitment is included as part of the Framework: "*We will also prepare a progress report each year to the Wheatley Board which will be reviewed in advance by our expert Pathway to Net Zero Advisory Group*".

2.2 The content of this progress report was discussed with the Pathway to Net Zero Advisory Group.

3. Background

3.1 "Setting the benchmark for sustainability and reducing carbon footprint" is a stated key outcome in Your Home, Your Community, Your Future. Our Sustainability Framework builds on this outcome by setting out our key areas of focus, namely:

- Existing homes: Achieve Energy Efficiency Standard for Social Housing (EESSH2) target by the end of 2031/32 and have Net-Zero emissions from all properties where technically and economically feasible by the end of 2043;
- New Homes: All properties at minimum of Energy Performance Certificate B (EPC B) and with Net-Zero heating systems in line with planning timescales;
- Business operations: Carbon neutral by the end of 2026 including decarbonised fleet where feasible, and use of green electricity; and
- Supporting contributors: Build understanding and support action including among staff and communities to address the climate emergency.

3.2 Progress against each of these is summarised in section 4.

4. Discussion

4.1 As might be expected one year into a long-term strategy, the broad direction set and agreed upon by the Board remains valid. However, the recent consultation on the Social Housing Net Zero Standard (SHNZS) provides greater clarity on requirements around improvements to our existing homes - the first key focus area in the Sustainability Framework.

4.2 The new SHNZS is intended to replace the second EESSH2 and better align targets for social landlords with the wider Scottish target of net zero by 2045. Implications of this were discussed with the Board at its asset strategy workshop in January 2024.

4.3 The EESSH2 target was for all of our RSL properties, where technically and economically feasible, to have an EPC rating of B by 2032. The changes proposed for SHNZS include targets that separate a building's sustainability performance into a fabric efficiency score and low carbon 'clean' heating requirement. Potential targets, like all SHNZS, are yet to be finalised. Fabric efficiency targets included in the consultation were as follows:

- Fabric efficiency targets will be measured in kWh/m2/year - (This will be included as a metric in upcoming Domestic EPC reforms).
- The proposed targets are:
  - Option 1, either:
    - 2033 Target - 112-162 kWh/m2/year – (Space heating and DHW) *or*
    - **2033 Target - 71-120 kWh/m2/year** – (Space heating only)
  - Option 2, Two-staged approach:
    - **2033 Target – 71-120 kWh/m2/year** – (Space heating only)
    - 2040 Target - <71 kWh/m2/year – (Space heating only)
      - The purpose of a secondary target is to prevent 120 kWh/m2 from becoming the de facto minimum target and encourage improvements beyond the minimum.

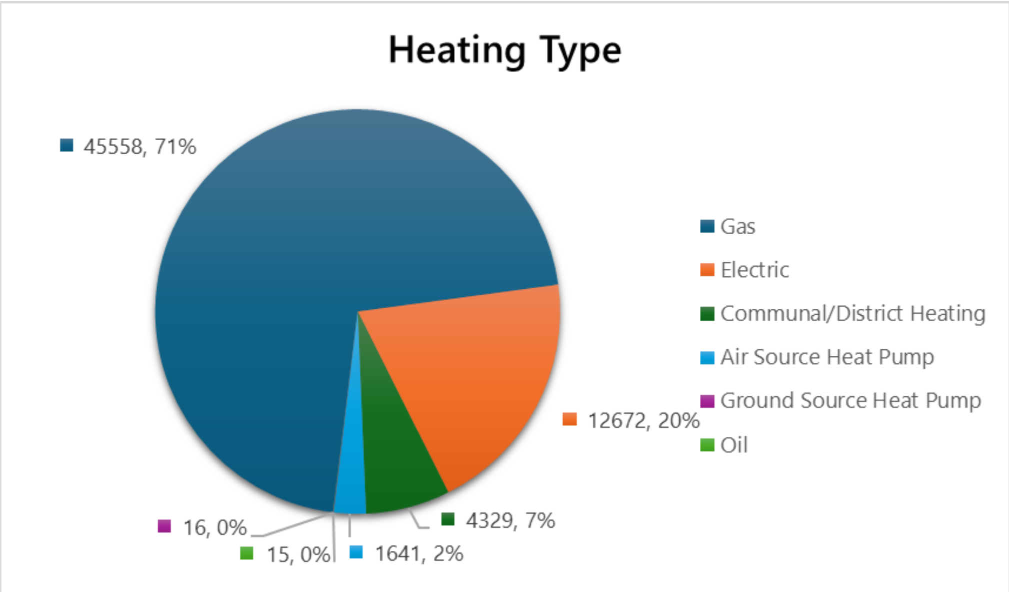
4.4 We have undertaken an initial analysis of our stock against the lower level (120 kWh/m2/year) of the 2033 target in **bold** above. This level/target was selected as we expect it, at least in the medium term, to be the level our stock has to reach and because including DHW (Domestic Hot Water) will have little impact on the analysis. The findings are shown below.

Architype (Meeting 120kWh/m²/yr)	Overall	WHGla	WHE	WHS	Loretto
Houses	Pass 61% Fail 39%	Pass: 80% Fail: 20%	Pass: 87% Fail: 13%	Pass: 50% Fail: 50%	Pass: 84% Fail: 16%
MSF	Pass 89% Fail 11%	Pass: 89% Fail: 11%	Pass: n/a Fail: n/a	Pass: n/a Fail: n/a	Pass: n/a Fail: n/a
Sandstone Tenements	Pass 63% Fail 37%	Pass: 60% Fail: 40%	Pass: 72% Fail: 28%	Pass: 39% Fail: 61%	Pass: 90% Fail: 10%
Flats	Pass 82% Fail 18%	Pass: 79% Fail: 22%	Pass: 83% Fail: 17%	Pass: 76% Fail: 24%	Pass: 96% Fail: 4%
Overall	**Pass 77% Fail 23%**	**Pass: 81% Fail: 19%**	**Pass: 82% Fail: 18%**	**Pass: 55% Fail: 45%**	**Pass: 91% Fail: 8%**

4.5 The SHNZ consultation also has a requirement for 'clean' low-carbon heating. The proposed target for this is that by the end of 2045 'clean' heating systems will be installed in all social homes. Options for interim targets are also suggested as follows:

- Option 1 – For proportions of landlord housing stock to have clean heating installed.
  - eg 10% by 2030, 70% by 2040, 100% by 2045
- Option 2 – Interim targets for properties off-gas or using other fuels only.

4.6 Information on heating systems across our Group is shown below.



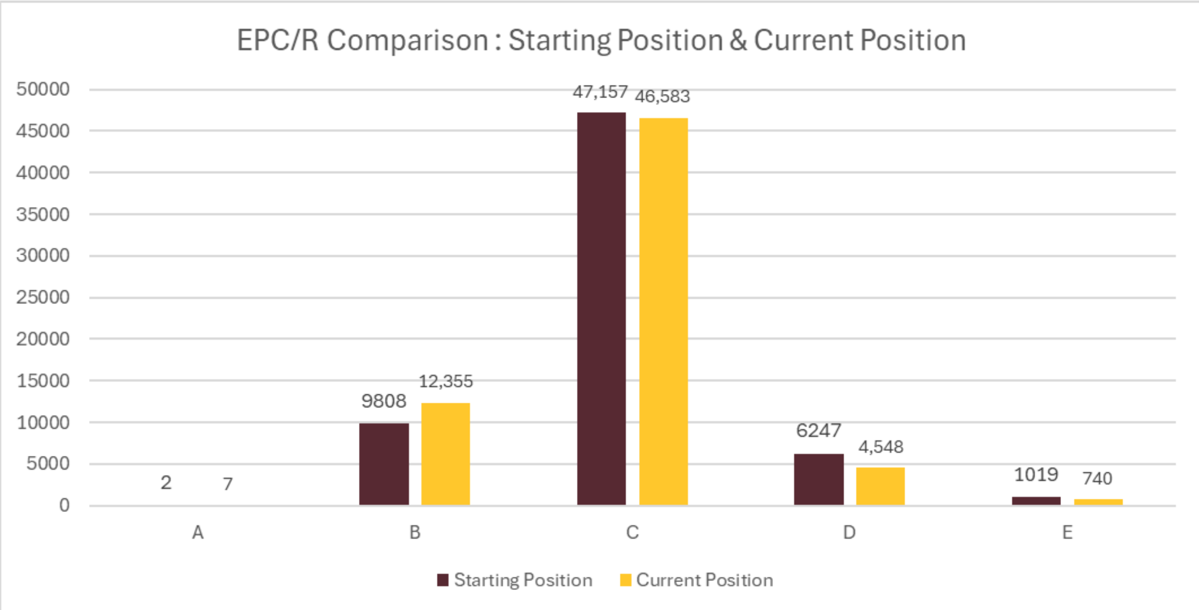
4.7 From this, over 20% of our homes meet the likely SHNZS 'clean' heating requirement, provided electric heating is categorised, as we expect, as 'clean'.

4.8 Our intention is to reflect the SHNZS requirement as a driver in our planned Asset Strategy which the Board is due to consider in June 2024 and its related asset investment plans which group partner Boards will consider in the autumn. We have also included specific SHNZS-related targets in our performance framework. Provided the Board agrees, we will update our Sustainability Framework accordingly to reflect SHNZS requirements rather than EESSH2.

4.9 The remainder of this report provides an update on our Sustainability Framework as it stands currently.

<u>Existing homes</u>

4.10 The current energy performance rating of our Group properties is shown below, along with the same information from when the strategy was launched. This shows progress since the strategy was launched.



4.11 New-build properties completed since the strategy's publication are excluded from the figures above to ensure only the impact of improvement to existing properties is reflected. These improvements are due to a wide range of investment works that have been, and that are being, undertaken on our properties to improve energy efficiency, and by extension reduce the cost for customers of heating their homes. These fabric-related energy-efficiency investment works currently fall into two broad categories:

- Deep retrofit projects where a range of measures (improved insulation, new windows, better heating, the addition of solar photovoltaics (PV) and battery, etc) are taken to dramatically improve the energy performance of our poorer performing homes. Projects of this nature have been completed in Wheatley Homes South, Wheatley Homes East and Wheatley Homes Glasgow. Typically, our deep retrofit projects improve the energy performance rating of the home from EPC D/E to EPC B.
- Life-cycle investment improvements in which replacing windows, heating systems, doors, roofs, etc, or adding insulation improve the energy performance of our homes. These works are part of our standard approach to improving our assets and typically deliver incremental improvements on the energy performance of property (for example improvement from one EPC band to the next).

4.12 Having net-zero emissions from our existing properties will also require our homes to be heated by systems that do not burn fossil fuel. At present replacing gas heating, which is used in most of our properties, with a ‘clean’ alternative is not generally economically advantageous for our customers. To make progress, while suitable technologies are developed and the energy market evolves, we are taking various measures to reduce heating-related emissions from our homes. These include:

- Installing zero direct emission heating systems in our new-build properties in line with planning requirements that will necessitate this for projects approved from 2024;
- Installing air-source heat pumps in individual properties when the heating needs upgrading, and it does not increase fuel poverty such as for off-gas grid properties in Dumfries and Galloway;
- Looking at communal heating solutions and connections to District Heating Systems where available and financially viable;
- Looking, wherever practical, to reduce emissions from existing systems through the use of smart technology with a focus in two particular areas:
    - Connected Response to improve the efficiency of electric storage heating systems, thereby saving the customer money through reducing electricity demand; and
    - Minibems to improve the efficiency of district heating system, thereby requiring less fuel – typically gas - to provide the same level of heat to customers.
- Maximising the life of existing heating systems through effective maintenance and management regimes.

4.13 Your Home, Your Community, Your Future includes a target to reduce CO2 emissions from our homes by 20,000 tn during the five-year period covered by the strategy. Since the start of the strategy period, three years ago, CO2 emissions from our homes have been reduced by an estimated 12,400 tn (equivalent to emissions associated with driving almost 90 million km). Measures completed last year (2023/24) contributed over 5,000 tCO2 to our ‘savings’ total. Provided we continue, as planned, to make savings at around the current rate, we expect to meet the target for reducing emissions in our strategy.

4.14 The table below provides a breakdown of the emissions reduction for each year of our strategy, so far, along with the measures that have led to these.

Work Item	2021/2022	2022/2023	2023/2024	Total
Air Source Heat Pump	81	146	156	**383**
Cladding/Insulation	536	78	280	**893**
Connected Response Switch	1,620	3,446	3,397	**8,463**
Group Heating – Dwelling		1		**1**
HIU Controls Upgrade			364	**364**
Install Electric Heating	35	10	13	**58**
Install Loft Insulation	2		2	**4**
Internal Thermal Treatment		7	63	**71**
Renew Central Heating Boiler	569	441	283	**1,292**
Renew Dwelling Windows	123	128	66	**316**
Solar PV Panels	62	99	425	**87**
Total	3,027	4,357	5,048	12,432

New homes

4.15 All our new homes approved over the last year have achieved an energy performance rating of B.

4.16 We have also reviewed our new-build performance specification which allows for zero-emissions heating systems as the preferred source of heating for all new-build projects.

4.17 Where a zero-emission heating system cannot be installed, a system boiler is specified which will allow ease of replacement with a zero-emission heat source later, for example, air source heat pumps.

This can occur for example where the project is part of a larger masterplan where infrastructure has been designed based on gas heating, or where a section S75 project is being progressed with a developer and building warrant approval has already been achieved based on gas heating.

4.18 Our new-build specification allows for enhanced insulation and U-values which are in excess of the current building regulations. This ensures the efficiency of the building fabric is maximised and supports our tenants in the cost of heating their homes. As part of our Specification and Design review, we are working with Dr Richard Atkins to develop a tool that will allow an assessment of what scale of PV installation is possible, the likely benefit to the customer (based on heating system, occupancy and tariff) and what benefit there is in the SAP rating. This will ensure that our PV systems are sized to provide maximum efficiency and benefit to our customers.

4.19 In 2023, Scotland's new Domestic Environmental Standards Bill was endorsed by the Scottish Government, which sets out that all new housing must meet passive house standards in the future. The new regulations will set a minimum standard for environmental design standards for new-build homes to secure elevated levels of thermal performance and energy efficiency.

4.20 To enhance our experience of building to the expected Scottish Passive House Standard, we want to understand the impact of the approach on our customers and are undertaking a pilot project at Shandwick Street in Glasgow.

4.21 Shandwick Street will deliver 47 two-storey dwellings. Under the plan, 41 homes will be built to the Building Standards Technical Handbook 2019 specifications. The demonstration project will be conducted in six further flats to compare the real-world performance of homes built to Building Standards Technical Handbook 2022 standards (three units) with homes built to Scottish Passivhaus Equivalent requirements (three units). A range of identical heating and energy systems will be installed to allow like-for-like comparisons between homes equipped with the same technologies but built to different standards.

4.22 As part of the pilot study, NEMO Energy has been engaged to provide non-intrusive energy monitoring and analytics services for the homes. NEMO measures, transmits and analyses energy and environmental data in real time and uses intelligent analytics to calculate consumption profiles and costs, thermal performance of the building fabric, internal environmental conditions, CO_2 emissions and other critical information. The intention is for the data gathered via NEMO's monitoring to be used to enable our tenants to be more in control of energy bills in their own homes while providing us with valuable data.

4.23 We are speaking with three off-site manufacturing suppliers and expect our first demonstrator project for modular homes to be on-site in 2024/25 in Dumfries. The project will deliver six steel frame modular homes by Enevate with Ashleigh (Scotland) Ltd acting as the main contractor with the site delivering a total of 44 new homes.

4.24 The concept of 20-minute neighbourhoods and place planning remains a key factor in our development programme. All projects are assessed based on key services available locally that support the delivery of new homes and our tenants. We continue to use the Place Standard Tool in progressing our regeneration projects, for example in Wyndford in Glasgow and Lochside in Dumfries. The Place Standard tool provides a simple framework to structure conversations about place. It allows people to think about the physical elements of a place (for example, its buildings, spaces, and transport links) as well as the social aspects (for example, whether people feel they have a say in decision-making) to support the delivery of master plans.

4.25 To support biodiversity in relation to our new homes, the use of ‘Green Infrastructure’ (use of natural systems in place of ‘man-made’ or hard engineering alternatives) is adopted in line with the National Planning Framework to reduce pollution, attenuate flood water, minimise overheating, increase wellbeing and support biodiversity. For new projects, Contractors and Design teams will be expected to work with a 'Building with Nature (BwN) Assessor'. This will help ensure that our new development meets the BwN framework standards at the design stage and the highest standards for well-being, water quality and wildlife resilience.

Business operations

4.26 We have set an objective in Your Home, Your Community, Your Future Emissions of being carbon neutral in our business operations by 2026. Latest information on our emissions from our Planet Mark assessment is shown below.

Source (tCO_2)	2021/22	2022/23
Buildings	420.5	376.8
Paper	1.6	7.7
Business travel	225.6	348.5
Fleet travel	1,538.0	1,775.0
Waste	4.6	11.6
Total	**2190.3**	**2519.6**

4.27 The reduction in emissions from our buildings is a result of the activities that have been ongoing to reshape and refurbish our corporate estate, including to make our buildings more energy efficient. Increases in other areas, and the overall increase, is a result of our business having fully remobilised post-pandemic. Information on emissions in 2023/24 will be available in Autumn once PlanetMark has completed its assessment. This is expected to show a reduction of around 300 tCO2 in emissions from our buildings reflecting the action we took in 2023 to switch our electricity to 100% renewable sources.

4.28 Plans announced at the UK Government level to delay the phasing out of fossil fuel vehicles will add to the challenge of eliminating emissions from our fleet and staff vehicle mileage which is the biggest contributor to emissions in the business travel category. These policy changes will delay the market moving to electric vehicles and mean that suitable products is unlikely to be available in certain areas, such as tipper trucks. This will adversely impact our ambition for our fleet to be carbon neutral capable by 2026. Despite this, an electric vehicle trial will commence this year. Initially, this will comprise approximately 20 small vans, with the aim being to increase throughout the year to include larger vans and pool cars.

4.29 The implications of changes in the market for electric vehicles will be discussed at our upcoming Board strategy sessions, along with the consequences of the phasing of our carbon-neutral ambition.

<u>Supporting contributors</u>

4.30 This year, the Wheatley Foundation embedded sustainability outcomes as part of its wider efforts to support our communities. Priorities taken forward include:

- Reviewing existing Foundation programmes using a sustainability lens to allow us to focus on, and better capture and report on ‘green’ outcomes;
- Supporting sustainability-focused customer engagement events across the Group, including the ‘Second-hand September’ campaign that built understanding on Starter Packs and Home Comforts, and promoted active travel to coincide with the installation of bike sheds;
- Building better understanding and awareness of sustainability issues for staff and customers via promotion of national campaigns and events; and
- Delivering sustainability-focused ‘You Choose Challenges’ across our Group linked to completed new-build programmes. These have led to improved outdoor and green spaces for customers.

4.31 We also established a Community of Excellence that brings together staff from across our Group to build a common understanding of priorities and help ensure every part of our Group contributes to supporting our sustainability objectives. Areas of particular focus include:

- Increasing awareness of our sustainability story through various internal and external communications activities;
- Exploring the potential and suitability of zero-carbon heating systems;
- Better understanding of sustainability-related learning and development needs, including rolling our training available to all staff on sustainability in partnership with Keep Scotland Beautiful;
- Increasing and demonstrating our impact locally, including, as demonstrated by the Wheatley Foundation activities listed above; and
- Planning for the decarbonisation of our fleet, where practical;
- Improving the quality and availability of sustainability data through new performance measures and looking to integrate carbon reporting into our asset management system, including as evidenced by the reporting on emissions from our existing homes discussed earlier in this report.

4.32 Our Community of Excellence has also engaged with PlanetMark to better understand, and quantify where practical, the positive impact of the various activities we undertake as a group to improve sustainability. This work will be completed in the next month with a view to updating the Wheatley Solutions Board at its May 2024 meeting. Initial and preliminary findings are encouraging including that:

- The EV car rental scheme for customers that was developed with Co-wheels has avoided 23.9 tCO_2 being generated compared to these journeys being made in an average car.
- Our work to deploy 73 EV charging points in the community for customers and others has provided 30,810.60 kwh of electricity which equated to 22.5 tCO_2 avoided compared to compatible mileage being undertaken by an average car.
- Our Home Comforts project has diverted an estimated 52.91 tn from landfill in 2021/22 and an estimated 79.35 tn from landfill in 2022/23. In total, since 2021 it is estimated that 68.8 tCO_2 have been saved through doing this.

<u>Pathway to Net Zero Advisory Group</u>

4.33 The Pathway to Net Zero Advisory Group is continuing to support our work to reduce emissions. Its focus this year has been on providing expert input on approaches to reducing emissions from existing homes, reviewing and refining our new build specification, approaches to measuring emissions and ensuring robust data. In-depth discussions were also held to inform our SHNZS consultation response, approach to Scottish Passivhaus and plans to improve the efficiency of our district heating systems. Going forward the group’s expert advice will continue to be sought across a broad range of net-zero-related issues relating to buildings and heating systems.

5. Customer Engagement

5.1 Customers were engaged through online discussions as part of developing our Sustainability Framework. We will engage customers on the implications of the Social Housing Net Zero Standard on investment priorities for their homes as part of developing our asset strategy and investment plans. Engagement also takes place on projects linked to improving sustainability as part of developing them (eg new build developments, installing EV chargers, investment delivery etc).

6. Environmental and sustainability implications

6.1 This aspect is covered elsewhere in this report.

7. Digital transformation alignment

7.1 Where applicable digital techniques and innovation are used to support the delivery of the Sustainability Framework. An example of this is the increasing digitalisation of customer communications which is estimated by PlanetMark, to save 0.74 tCO_2 each year.

8. Financial and value for money implications

8.1 There are significant financial implications in achieving sustainability outcomes including those that will be set through the Social Housing Net Zero Standard and those relating to new build. Our Sustainability Framework makes clear that we do not expect customers to pay for this through increased rents or reduced services. We are working closely with our funders, the Scottish Government and other partners to identify funding sources and aim to present a strategic approach to meeting sustainability requirements, alongside funding other investment priorities, as part of the asset management strategy and plans we are developing at present.

9. Legal, regulatory and charitable implications

9.1 Our Sustainability Framework, and the actions resulting from it help focus our efforts including to ensure we meet regulatory objectives such as those that will be set through the Social Housing Net Zero Standard.

10. Risk Appetite and assessment

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

- **Financial or VFM: Open** - A significant investment in retrofitting will be required to increase the energy efficiency and reduce the carbon footprint of our existing homes. In this context we are prepared to invest for reward, considering both the value and benefits which this investment will bring. However, we must still minimise the possibility of financial loss by managing risks to a tolerable level.
- **Reputation and Credibility: Open** - We aim to establish Wheatley Group as a role model for sustainability nationally and beyond, as well as influencing the rest of the sector to raise its standards. We seek to partner with the Scottish Government and other organizations (e.g. Sustainable Glasgow) to achieve our common climate change and sustainable development goals. We are prepared to be innovative to deliver these aims and take decisions that might expose us to additional scrutiny, but only where success is likely, and we have taken appropriate steps to minimise any negative exposure.
- **Operational Delivery: Hungry** - We are eager to be innovative and pioneer new approaches to sustainability through the delivery of innovative energy generation opportunities. We will prioritise solutions that enhance control and cost savings for customers, and work with research partners to solve long-standing challenges for improving energy efficiency in non-standard construction types. We are prepared to take greater risks where we believe opportunities will significantly support our aim to 'break the mould' and establish us as a leader in sustainability and reducing carbon footprint.
- **Compliance: Legal / Regulatory: Cautious** - this area is gaining more importance for stakeholders, including potential investors, staff and customers. We must be able to demonstrate that we have taken action to comply with all existing and emerging legislative and regulatory requirements in this area and be reasonably sure we would win any challenge.

11. Equalities implications

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

12. Key issues and conclusions

12.1 The Sustainability Framework that we published over a year ago was a first for the Wheatley Group. We are making progress against the Framework as discussed in this paper, and through reporting to Wheatley Solutions and other Group partner Boards throughout the year.

12.2 The recent consultation on the Social Housing Net Zero Standard provides greater clarity on future requirements for our existing stock. We have begun in-depth consideration, based on expected requirements, to understand the implications of SHNZS and how to ensure we meet them through our investment plans. Once these are understood and agreed, we plan to update our Sustainability Framework accordingly.

13. Recommendations

13.1 The Group Board is asked to note this report and agree that our Sustainability Framework is updated to reflect the Social Housing Net Zero Standard.

LIST OF APPENDICES:

None

Report

To:	**Wheatley Housing Group Board**
By:	**Anthony Alison, Group Director of Governance and Business Solutions**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Contract Award - Microsoft Enterprise Agreement licences**
Date of Meeting:	**24 April 2024**

1. Purpose

1.1 The report seeks to award a new group-wide contract for the provision of Microsoft Enterprise Agreement (EA) licences to SoftCat PLC for three years.

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. Under the SoFD, Group Board approval is required for contracts with revenue expenditure of over £1m.

2.2 The value of this contract over the three-year contract term is £3.2m (including VAT) based on the existing expenditure profile and forecast spend across desktop, office and office collaboration software subscription services. The duration of the contract will be three years.

3. Background

3.1 The ability to provide our staff to access applications, data, information and Internet services is critical to the delivery of our operational and strategic outcomes. The ongoing delivery of the Group strategy has resulted in changing operating models across all roles through increased adoption of mobile, agile and hybrid working approaches. Our digital technology adoption, combined with our digital transformation ambitions requires flexible access to applications, data, collaboration services and ongoing technology support for safe and secure digital collaboration and productivity.

3.2 We have deployed Microsoft client technologies such as Windows, Office and Office 365 to all staff, including staff collaboration and document management services. Additionally, we also license Windows virtual desktop services, supporting the compliant delivery of virtual desktop technologies (a critical approach supporting remote working and secure third-party application access). Microsoft Windows and Office 365 services are therefore a core component of our approach to digital workplace services and collaboration.

3.3 The current contract with SoftCat was placed in 2021, to the value of £2.5m. However, this did not contain the requirement for Wheatley Homes South and other functionality such as MS Defender.

4. Discussion

4.1 Within the context of our 2021-26 Group strategy, we require to deliver a secure and flexible digital workplace to:

- Support technology access for all staff across a range of technology usage profiles (from occasional access to services and systems such as email and Internet, to 24-hour call centre technology access to desktop applications and enterprise platforms);
- Support a range of devices and usage scenarios, including home-based workers, office-based workers as well as mobile and hybrid workers;
- Provide collaboration and meeting services for diverse staff roles and operating models, including an increasing focus and reliance on virtual and video meeting services;
- Support diverse partnership collaborations across national stakeholders in an increasingly connected and virtual supply chain, with safety, security and data protection integration;
- Provide key technology platforms supporting digital workplace adoption priorities across knowledge, information, collaboration, content management and delivery; and
- Ongoing evolution and integration of safe and secure working approaches through the ability to define and adopt increasingly complex security controls and policies, supporting and enabling collaboration and remote working with minimal impact on staff and end users.

4.2 To achieve this, we need to maintain at least our existing arrangements. It should be noted that given the scale and market position of Microsoft there are no viable alternative suppliers. As such our key priority is ensuring that we can meet our needs at the best possible price.

4.3 The contract scope and value are dictated at commencement for an agreed number of licensed staff and the services in use. We have reviewed staff headcount and working profiles alongside colleagues from HR to identify key role-working profiles for staff across the following categories: Fixed Office Workers; Home/Hybrid workers; CFC Worker; and Mobile Worker.

4.4 Since the last contract renewal, we have increased the number of licensed users through Group growth and the subsidiary integration of WHS staff and associated licenses, increasing licensing requirements by 25%.

4.5 We have access to the Digital Transformation Agreement (DTA) (2021) license offering to Public Sector organisations across the UK, with license costs and discount models applied across the DTA.

The DTA21 pricing schedule is only available through approved public sector commercial frameworks and provides a significant discount when compared to the published Public Sector December 2023, providing a saving of approximately 30% on 2024 license rates.

4.6 This discount model means that by accessing an appropriate framework, rather than tendering on our own, we can achieve better value for money. On this basis, we sought to award the contract under a relevant, compliant route to market, framework.

4.7 As the cost is fixed at the DTA21 pricing schedule there is no difference between suppliers in this respect. In seeking to identify a provider we sought to establish who could provide any additional benefits beyond access to a complaint framework at the DTA 21 pricing schedule.

4.8 We identified a complaint direct award to SoftCat as the preferred option for the following reasons:

- The service provider is appointed to a compliant Framework Agreement within the auspices of the public sector procurement regulations. SoftCat are a framework provider appointed to the NHS Shared Business Services, Digital Workplace Solutions Framework Agreement;
- SoftCat can provide access to Microsoft's Digital Transformation Agreement (2021) license offering through direct engagement with Microsoft. This offers significant discounts based on current Public Sector 2024 rates; and
- SoftCat provide additional services at no additional cost which maximises the overall value including: annual license reviews; best value license modelling (to ensure best value at renewals and across the contract term); technical implementation guidance (including virtual desktop and security license features and usage); Microsoft licensing roadmap workshops across commercial, technical and compliance changes.

4.9 We have agreed a three-year contract which gives us the certainty of fixed prices for the licenses. The licences meet our range of needs in relation to applications, security services, device management and device access. Annual license changes are supported for subscription reductions, whilst subscription increases are available at any point with access to the fixed price structure.

5. Customer Engagement

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

6. Environmental and sustainability implications

6.1 This contract supports home and hybrid working approaches, online meetings and collaboration services, as well as safe mobile device access and usage; these approaches reduce travel/commuting, reduce and remove paper/print consumption, and improve resource usage (across hybrid and frontline roles service access).

7. Digital transformation alignment

7.1 Delivery of this contract supports our digital transformation through access to a range of software and subscription services, office applications, client operating systems and collaboration services for all staff across the Group.

8. Financial and value for money implications

8.1 This contract will achieve value for money through access to DTA 2021 reduced pricing across the duration of the contract, alignment of Office, operating system and virtual desktop licensing models to staff roles and access to ongoing fixed prices for all included licenses for the duration of the contract.

8.2 The revenue financial projections for 24/25 and beyond include a provision of £1.06M per annum for a Microsoft EA license subscription; the services provisioned within this contract can be met from this allocation without any additional funding requirements.

9. Legal, Regulatory and Charitable Implications

9.1 Softcat services will be procured via a direct award route through the NHS Shared Business Services Digital Workplace Solutions Framework Agreement therefore the risk of a procurement challenge is considered minimal.

9.2 Our group procurement activities are subject to Procurement (Scotland) Regulations 2016. The use of compliant frameworks, such as the NHS Shared Business Services Digital Workplace Solutions Framework Agreement, is a compliant route to market.

9.3 An Equifax finance check has been conducted for Softcat who are financially stable with a rating of A and able to enter contracts to any value.

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 The recommendation to stay with our current supplier, with the inclusion of contract breakpoints, balances our level of risk whilst ensuring that we can maintain business continuity and standard of service.

11. Equalities Impact

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 The existing investment in Microsoft applications and technologies continues to support our digital ambitions across remote working, collaboration, information security and digital transformation.

12.2 It is of benefit to us to continue to maintain our usage of established Microsoft applications and services given the existing staff and platform skills and capabilities across the Group, and the existing core technology platforms which are reliant on Microsoft Office, Windows and wider technology integration (across user authentication, business intelligence, content management and information protection and security).

12.3 The contract will co-term with existing licensing arrangements, ensuring ongoing delivery of all services to staff across the Group and no deployment or re-licensing tasks or activities. The opportunity to access DTA21 pricing rates versus 2024 rates provides strong value for money, fixed for three-year term.

13. Recommendations

13.1 The Board is requested to approve the award of the Contract for the provision of Microsoft ESA Licensing and Software Subscriptions to Softcat to a value of £3.2m including VAT over 3 years.

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 Budget and Finance Report**

Date of Meeting: **24 April 2024**

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1. Purpose

1.1 The purpose of this paper is to:

- Provide the Board with the financial results for the year to 31 March 2024;
- Seek approval for submission of the RSL Borrower Group's management accounts to 31 March 2024 to our bank lenders as part of our usual quarterly covenant returns;
- Seek approval of the 2024/25 Group Budget;
- Seek approval of the 2024/25 City Building (Glasgow) financial projections; and
- Seek approval for the submission of Five-Year Financial Projections to the Scottish Housing Regulator.

2. Authorising and strategic context

2.1 Under the Terms of Reference, the Group Board is responsible for the ongoing monitoring of performance against agreed targets. This includes our financial performance.

2.2 Higher levels of inflation continue to have an impact on the business and our customers. The latest figures for CPI show an annual rate of 3.4% (February 2024) which in general terms has shown a slow downward trend from its peak of 11.1% in October 2022. Increases in the cost of fuel, utilities, insurance and repairs and maintenance costs have had a notable impact on our cost base. Costs have now begun to stabilise to some extent; and we have been able to manage these pressures within the overall financial context for 2023/24.

2.3 In their most recent announcement, the Bank of England held rates at 5.25% indicating that there may be scope for initial rate cuts later in 2024. At their last meeting in February 2024, reconfirmed their focus to bring inflation back to their 2% target and will maintain interest rates at a level which ensures that inflation stays on or around that target. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure on these amounts.

2.4 The key themes and aims of the 2021-26 strategy Your Home, Your Community, Your Future set the context for the preparation of the 2024/25 budget.

3. Background - Financial performance to 31 March 2024

3.1 The results for the year to 31 March 2024 as presented in Appendix 1 are:

	Year to Date (Period 12)		
£m	**Actual**	**Budget**	**Variance**
Turnover	411.3	413.5	(2.2)
Operating expenditure	(345.9)	(339.7)	(6.2)
Operating surplus	**65.4**	**73.8**	**(8.4)**
Operating margin	*15.9%*	*17.8%*	
Net interest payable	(72.4)	(71.5)	(0.9)
Statutory deficit	**(7.0)**	**2.3**	**(9.3)**
Net Capital Expenditure	**147.8**	**183.1**	**35.3**

4. Discussion

4.1 We are reporting a statutory deficit of £7.0m, which is £9.3m unfavourable to budget. The variance to budget reflects the costs of delivering the increasing demand for repairs and maintenance offset by strong income generation from core letting activities and reduced employee costs and bad debts. The full year results are in line with the most recent forecast.

4.2 Key variances against budget include:

- Within income, net rental income is £0.8m favourable to budget with a stronger performance core letting and reduced levels of void rent loss;

- New build grant income recognised to date relates to 348 units completed. Overall grant income is £0.1m unfavourable to budget due to the timing of completions compared to the budgeted programme. Earlier completion in the financial year at Maddiston development in Loretto and Raw Holdings in WH East have contributed to this along with the delayed completion of units at Sighthill in Glasgow which had previously been planned in 2022/23. The favourable position in the RSL Borrower Group is offset by delays at Victory Lane in Lowther Homes;

- Other grant income is £3.1m unfavourable to budget with the variance relating to a reduction in SHNZ income due to the reprofiling of works carried out in 2023/24 impacting the level of grant claimed; and

- In operating expenditure, total costs are £6.2m unfavourable to budget, with lower expenditure than budgeted across staff costs and bad debts partially offsetting the higher spend on revenue repairs and maintenance:
  - Revenue repairs and maintenance spend is £9.0m unfavourable to budget however in line with the forecast at Q3. The variance relates to a higher than budgeted spend across responsive repairs where there was a higher demand for repairs. The improvement plan implemented to help monitor the drivers of repair costs, improve efficiency and keep repairs spent will continue to support the monitoring of the costs in the financial year 2024/25.
  - Staff costs are £0.8m lower than budget mainly due to staff vacancies in Care and Wheatley Solutions contributing to the variance.
  - Running costs are £1.0m higher, also in line with Q3 forecast and linked to higher insurance and property costs.
  - Bad debt costs are £1.9m lower than budget. As in previous years, our approach has been to include a prudent level of provision for costs.

4.3 Net capital expenditure is £35.3m favourable to budget. Within this, new build spend is £61.9m lower which links through to new build grant income claimed which is £26.6m lower than budget. This is driven by the timing of regeneration works and fewer planned acquisitions in Glasgow. There has also been reduced spend across a number of sites in Loretto such as East Lane, WH East and in WH South spend at Curries Yard and Springholm is progressing but later than originally assumed when the budget was set. Lowther also had underspend due to delays at Ashgill Road.

4.4 Net investment in our existing homes of £69.7m was £1.0m higher than budget. Higher spend to budget of £5.6m is noted from increased void improvements and capitalised repairs in the RSLs. Adaptation spend of £4.1m was funded in part by adaptation grants including unbudgeted adaptation grant received for WH South and WH Glasgow of £1.9m. Within core programme spend, it was agreed to release funding of £3.5m in the final quarter of the year to accelerate projects to improve the energy efficiency of our homes.

4.5 Overall the RSL Borrower Group shows an underlying surplus of £466k managing the higher level of demand for repairs within the overall budgetary context. This is reported before the agreed release of the additional £3.5m of investment spend in the final quarter and the endowment of £3.5m provided to the Foundation given the discretionary nature of those decisions.

Group Budget 2024/25

4.6 At the previous meeting in February 2024 the Board were presented with the revised five-year financial projections and agreed that the 2024/25 figures would form the basis of the 2024/25 annual budget, which is also presented in Appendix 1. This paper provides additional detail and commentary.

4.7 The budget is summarised below and compared against the financial projections.

Group	**Full Year**			
£m	**Actual 2023/24**	**Budget 2024/25**	**Projections 2024/25**	**Variance Bud v Proj**
Turnover	411.3	486.0	484.9	1.1
Operating expenditure	(345.9)	(358.8)	(358.3)	(0.5)
Operating surplus	**65.4**	**127.2**	**126.6**	**0.6**
Operating margin	*15.9%*	*26.1%*	*26.1%*	
Net interest payable	(72.4)	(78.1)	(78.1)	-
(Deficit)/ Surplus	**(7.0)**	**49.1**	**48.5**	**0.6**
Net Capital Expenditure	**147.8**	**195.8**	**195.5**	**(0.4)**

4.8 The 2024/25 budget shows a net operating surplus of £127.2m, and a statutory surplus after interest costs of £49.1m, both £0.6m favourable to the financial projections approved in February 2024.

4.9 Notable variances against the 2024/25 financial projections include:

- Within turnover:
  - The board approved a rent increase of 7.5% is to be applied from 1 August 2024 for MMR properties and 9.0% for FMR properties. The financial projections had assumed a 3.0% increase.
  - A review of the provision for void losses and bad debts has been undertaken in preparing the budget. This has provided some additional capacity while still retaining a prudent level of headroom with void rent loss reflecting current letting performance and void loss rates and leaves a prudent provision for bad debts.
- Within expenditure:
  - Agreement of the cost-of-living uplift for staff at 4.5% slightly higher than the 4% assumed in the financial projections. The overall cost impact of £0.3m is managed within the parameters of the financial projections agreed in February.
  - The allocation of the additional financial capacity available within the approved projections has been allocated to repairs. This allows an increase of £2.4m in the repairs budget compared to the projections to reflect a higher level of prudence in this area when preparing the annual budget.

4.10 Over recent times our business has accommodated higher levels of inflation on our operations while keeping rent increases low to help tenants with the initial impact of the cost-of-living crisis, reducing our financial capacity for capital investment. The investment programme spend of £81.1m allows us to start to build capacity back into the business for re-investment into capital and energy efficiency improvements in our existing properties. Tenants have told us this is important to them through the 2024 rent consultation feedback. While core investment spend year on year is broadly aligned the 2023/24 programme included £10.4m of SHNZ fully funded projects.

4.11 The budget also recognises the higher demand and cost pressures on repairs experienced in 2023/24 with a £88.9m provision for revenue repairs and maintenance included in the 2024/25 budget with an additional £12m now allocated to reactive repairs compared to 2023/24 budget. We have agreed a 6.06% increase in repairs schedules of rates with Glasgow City Council and City Building (Glasgow), reflecting the current economic and inflationary climate. Through our in-house repairs teams and our collaboration with City Building Glasgow, we remain focussed on improvements to the customer journey, utilising technology to align our services, improve monitoring of service levels and modernise the delivery of the repairs service.

4.12 The Group operating surplus budgeted of £127.2m compares to actual net operating surplus of £65.4m for 2023/24. This variation is caused by a number of movements which are principally non cash in nature and includes:

- The amount of grant income recognized which relates to the profile of new build completions, £28.9m in 23/24 compared to £79.6m budgeted for 24/25, and
- The increase in the depreciation adjustment, £112.4m in 23/24 compared to £122.1m budgeted for 24/25.

Key financial metrics – interest cover and debt per unit

4.13 Loan covenants are monitored monthly out-with the required quarterly submission of calculations and Board-approved management accounts of the RSL Borrower Group to funders. All loan covenants with respect to the RSL Borrower Group and WFL2 were met as at 31 March 2024. The RSL Borrower Group financial report to 31 March 2024 is attached at Appendix 2, for submission to our funders. Covenant measures are draft and are subject to final audit.

4.14 [redacted]

[redacted]

4.15 [redacted]

Five-Year Financial Projections

4.16 The Five Year Financial Projections is a web based return designed by the Scottish Housing Regulator to collect the financial projections and related information of all RSLs in Scotland in a standard format. The information provided is used to calculate a number of financial ratios and is used by the SHR as part of its annual review of the financial viability of RSLs and in making decisions on the level of engagement. It is also used to allow developing trends, patterns and emerging issues to be identified and considered across the sector.

4.17 The return for Wheatley Housing Group Limited contains only direct income and costs of the parent company itself, such as Board member payments and audit fees. The financial projections of our RSL operating subsidiaries will be approved by each RSL board and will be submitted separately. The SHR requires covenant information to be included in the return and has asked that this information is provided for the RSL Borrower Group within our return, an approach that is similar to the Loan Portfolio Submission and in line with last year's submission. At other points in the year we submit our whole Group long-term financial projections i.e. our 30-year business plan which was presented to the February Board and the annual accounts which will be presented to the August Board meeting.

4.18 The summary sheet and accompanying financial data and five-year projections to be submitted to the regulator are attached at Appendix 4. The Board are requested to consider and approve these financial projections. Once approved, these will be submitted to the Scottish Housing Regulator.

4.19 This year, the deadline for the submission of the Five-Year Financial Projections is 31 May.

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 The financial and value for money implications are considered in the discussion section of this report.

9. Legal, regulatory and charitable implications

9.1 The requirements of our primary regulator, the SHR, are considered in the discussion section of this report.

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 paper presents the financial performance position for the year to 31 March 2024 and the budget for 2024/25.

13. Recommendations

13.1 The Board is requested to:

1) Note the financial performance for the Group to March 2024
2) Approve the RSL Borrower Group accounts for submission to the Group's lenders;
3) Approve the Group budget for 2024/25;
4) Approve the City Building (Glasgow) 2024/25 financial projections; and
5) Approve the summary sheet and accompanying financial data and projections; authorise these to be submitted to the Sottish Housing Regulator; and delegate authority to the Group Director of Finance to approve any factual data updates that are required in advance of the submission.

LIST OF APPENDICES:

Appendix 1: Wheatley Group Financial Report to 31 March 2024
Appendix 2: RSL Borrower Group Financial Report to 31 March 2024
Appendix 3: [redacted]
Appendix 4: [redacted]

Appendix 1: Wheatley Group Financial Report To March 2024 (Period 12)

•Classified as Internal

1a) Wheatley Group – Year to 31 March 2024

	Year to 31 March 2024		
	Actual £'000	Budget £'000	Variance £'000
INCOME			
Net Rental Income	327,626	326,867	759
Grant income New Build	28,939	29,005	(66)
Grant income Other	15,143	18,244	(3,101)
Other Income	39,614	39,410	206
Total Income	**411,322**	**413,526**	**(2,202)**
EXPENDITURE			
Employee Costs	94,499	95,341	842
ER/VR	4,772	5,910	1,138
Running Costs	46,610	45,620	(990)
Repairs & Maintenance	82,801	73,751	(9,050)
Bad debts	3,708	5,612	1,904
Depreciation	112,408	112,408	-
Demolition Programme	1,111	1,105	(6)
Total Expenditure	**345,909**	**339,747**	**(6,164)**
NET OPERATING SURPLUS	**65,413**	**73,779**	**(8,366)**
	15.9%	17.8%	
Net interest payable	(72,387)	(71,472)	(915)
STATUTORY SURPLUS/(DEFICIT)	**(6,974)**	**2,307**	**(9,281)**

Key highlights:

The net operating surplus is £65,413k, £8,366k unfavourable to budget. At the statutory surplus level, a deficit of £6,974k is reported showing an unfavourable variance of £9,281k, compared to the budget. The variance to budget reflects the costs of delivering the increasing demand for repairs and maintenance offset by an overall favourable income position and reduced employee costs and bad debts.

Total income of £411,322k is £2,202k unfavourable to budget primarily due to the timing of grant recognition:

- Net rental income is £759k favourable to budget. Rent loss on voids at 1.15% is lower than the overall 1.41% budget driving the favourable variance.
- New build grant income recognised to date relates to 348 units completed. Overall grant income is £66k unfavourable to budget due to timing of completions compared to the budgeted programme. Earlier completion in the financial year at Maddiston development in Loretto and Raw Holdings in WHEast have contributed to this along with the delayed completion of units at Sighthill in Glasgow which had previously been planned in 2022/23. The favourable position in the RSL Borrower Group is offset by delays at Victory Lane in Lowther Homes.
- Other grant income is £3,101k unfavourable to budget with the variance relating to a reduction in SHNZ income due to the reprofiling of works carried out in 2023/24 impacting the level of grant claimed.
- Other income is £206k favourable to budget arising from additional receipt of L&A Damages in relation to Sighthill and a contribution from Scottish Water in Glasgow.

Total expenditure of £345,909k is £6,164k unfavourable to budget:

- Employee costs (direct and group services) are £842k favourable to budget, mainly due to staff vacancies in Care and Wheatley Solutions.
- Running costs are £990k unfavourable to budget with higher insurance and direct property costs contributing to the variance.
- Revenue repairs and maintenance spend is £9,050k unfavourable to budget however in line with the forecast at Q3. The variance relates to a higher than budgeted spend across responsive repairs driven by higher demand for repairs. The improvement plan implemented to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend will continue to support the monitoring of the costs in the financial year 2024/25.
- Bad debts are £1,904k favourable to budget with a prudent provision set aside for increases in arrears and an improved performance in debt collection.
- Net Interest payable is £915k unfavourable to budget linked to the timing of balances drawn than assumed in the budget and a higher variable rate than assumed in the business plan at this point in the year. Net interest payable includes £164k of interest received in Wheatley Foundation.

1a) Wheatley Group – Year to 31 March 2024

Capital Investment	Year to 31 March 2024 Actual £'000	Budget £'000	Variance £'000
CORE PROGRAMME			
SHNZ	10,392	15,732	(5,340)
Adaptations	2,754	866	1,888
Grant Income	**13,146**	**16,598**	**(3,452)**
Core Investment Programme	43,022	46,706	3,684
SHNZ	10,392	14,942	4,550
Adaptations	4,051	3,626	(425)
Voids	15,882	14,737	(1,145)
Capitalised Repairs	9,458	5,223	(4,235)
Total Core Investment	**82,805**	**85,234**	**2,429**
NET CORE INVESTMENT SPEND	**69,659**	**68,636**	**(1,023)**
NEW BUILD			
New Build Grant Income Received	77,593	104,184	(26,591)
New Build investment	143,566	205,454	61,888
NET NEW BUILD INVESTMENT SPEND	**65,973**	**101,270**	**35,297**
OTHER FIXED ASSET INVESTMENT SPEND	**12,193**	**13,198**	**1,005**
TOTAL NET CAPITAL INVESTMENT SPEND	**147,825**	**183,104**	**35,279**

Key highlights:

Net capital expenditure of £147,825k is £35,279k favourable to budget.

- The net core investment spend was £1,023k unfavourable to budget. The unfavourable variance is driven by increased spend in voids and capitalised repairs works. Core programme spend includes the release of some previously deferred capital projects in the final quarter of the year. Additional adaptation grant funding of £1,888k has been received. Work on SHNZ projects has been reprofiled which is reflected in lower grant receipts and lower project spend.
- New build investment is £61,888k less than budget with compensating reduced new build grant income of £26,591k. In WH Glasgow reduced spend at regeneration sites is due to delayed demolition start and also reduced spend in planned acquisitions. There has also been reduced spend across a number of sites in Loretto, WH East and WH South. Lowther also had underspend due to initial delays at Ashgill Road.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £1,005k is due to a delay in works commencing for new office builds at 2 sites. Annual works budgeted will be deferred into 2024/25.

Wheatley Group Financial Report
To March 2024 (Period 12)

RSL Borrower Group

2a) RSL Borrower Group – Year to March 2024

	RSL Borrower Group		
	Year to 31 March 2024		
	Actual £'000	Budget £'000	Variance £'000
INCOME			
Net Rental Income	308,658	308,107	551
Grant income New Build	27,604	27,156	448
Grant income Other	15,143	18,244	(3,101)
Other Income	13,945	13,791	153
Total Income	**365,350**	**367,298**	**(1,949)**
EXPENDITURE			
Employee Costs	69,468	70,887	1,419
ER/VR	4,772	5,910	1,138
Running Costs	33,067	33,425	358
Repairs & Maintenance	77,022	68,015	(9,007)
Bad debts	3,316	5,235	1,919
Depreciation	112,408	112,408	-
Demolition Programme	1,111	1,105	(6)
Total Expenditure	**301,164**	**296,985**	**(4,178)**
NET OPERATING SURPLUS	**64,186**	**70,313**	**(6,127)**
	17.6%	19.1%	
Donation to Wheatley Foundation	(3,500)	-	(3,500)
Net interest payable	(69,721)	(68,570)	(1,151)
STATUTORY SURPLUS/(DEFICIT)	**(9,035)**	**1,743**	**(10,778)**

Key highlights:

The operating surplus to 31 March is £64,186k, £6,127k unfavourable to budget. At the statutory surplus level, a deficit of £9,035k is reported showing an unfavourable variance of £10,778k compared to the budget. The variance to budget reflects the costs of delivering the increasing demand for repairs and maintenance, additional donations to Wheatley Foundation to support our customers, the reprofiling of SHNZ funded works offset by reduced employee costs and bad debts.

Total income of £365,350k is £1,949k unfavourable to budget:

- Net rental income is £551k favourable to budget across the RSLs. Rent loss on voids at 1.17% is lower than the overall 1.34% budget driving the favourable variance.
- New build grant income recognised to date relates to 327 units completed (227 SR and 100 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 Raw Holdings in WHEast and delayed completion of units at Sighthill in Glasgow that were planned for completion in 2022/23 contribute to the variance.
- Other grant income is £3,101k unfavourable to budget with the variance relating to a reduction in SHNZ income due to the reprofiling of works carried out in 2023/24 impacting the level of grant claimed.
- Other income is £153k favourable to budget arising from the receipt of L & A Damages in relation to Sighthill, and a contribution from Scottish Water, partly offset by a reduction in leased rents for MMR units due to delays in completions.

Total expenditure of £301,164k is £4,178k unfavourable to budget:

- Employee costs (direct and group services) are £1,419k favourable to budget, mainly due to W-360 CIP and Group Protection services being funded through the Foundation. In addition, there are staff vacancies in Wheatley Solutions contributing to the variance.
- Running costs are £358k favourable to budget reflecting running costs in relation to W-360 CIP and Group Protection moving to the Foundation offset by higher insurance costs.
- Revenue repairs and maintenance spend is £9,007k unfavourable to budget however in line with forecast at Q3. The variance relates to a higher than budgeted spend across responsive repairs driven by higher demand for repairs. The improvement plan implemented to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend will continue to support the monitoring of the costs in the financial year 2024/25.
- Bad debts are £1,919k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears and an improved performance in debt collection.

Donations to Wheatley Foundation of £3.5m were made to provide additional support for our customers.

Net Interest payable is £1,154k unfavourable to budget linked to a higher variable rate than assumed in the budget.

2a) RSL Borrower Group – Year to March 2024

Capital Investment	Year to 31 March 2024		
	Actual £'000	Budget £'000	Variance £'000
CORE PROGRAMME			
SHNZ	10,392	15,732	(5,340)
Adaptations	2,754	785	1,969
Grant Income	**13,146**	**16,517**	**(3,371)**
Core Investment Programme	42,520	45,880	3,360
SHNZ	10,392	14,942	4,550
Adaptations	4,051	3,626	(425)
Voids	15,882	14,737	(1,145)
Capitalised Repairs	9,458	5,223	(4,235)
Total Core Investment	**82,303**	**84,408**	**2,105**
NET CORE INVESTMENT SPEND	**69,157**	**67,891**	**(1,266)**
NEW BUILD			
New Build Grant Income Received	75,348	98,378	(23,030)
New Build investment	137,126	194,113	56,987
NET NEW BUILD INVESTMENT SPEND	**61,778**	**95,735**	**33,957**
OTHER FIXED ASSET INVESTMENT SPEND	**11,993**	**13,027**	**1,034**
TOTAL NET CAPITAL INVESTMENT SPEND	**142,928**	**176,653**	**33,725**

Key highlights:

Net capital expenditure of £142,928k is £33,725k less than budgeted.

- The net core investment spend was £1,266k unfavourable to budget. The unfavourable variance is driven by the increased spend in voids and capitalised repairs works. Offsetting this is additional adaptation grant funding of £1,969k received from higher awards for Glasgow and the South and reduced spend in the core investment programme due to reprofiling of planned works.
- New build spend is £56,987k less than budget with compensating reduced new build grant income of £23,030k. In Glasgow there was reduced spend at regeneration sites due to a delayed demolition start and reduced spend in planned acquisitions. At Loretto there was reduced spend for East Lane and Dargavel Ph3 and Croy, at Curries Yard and Springholm for the South and in the East for Wallyford 5/AB, Westcraigs Ph3, Deans South,Ph2, Sibbalds Brae and Winchburgh BB.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £1,034k is due to a delay in works commencing for new office builds at 2 sites. Annual works budgeted of £1.3m will be deferred into 2024/25.

2b) RSL Borrower Group underlying surplus – Year to March 2024

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.

An underlying surplus of £466k has been reported for the year to 31 March 2024. Within net operating surplus, additional repairs costs have been managed within the overall budget position with lower bad debt costs, lower staff costs and an improved income position.

In planning for final quarter, it was agreed to accelerate £3.5m of capital projects which had been deferred into 2024/25 to support improvements in the energy efficiency of our tenants' home and to provide a year end endowment of £3.5m to the Foundation.

RSL Borrower Group Underlying Surplus/(Deficit) - March 2024			
	YTD Actual £ks	**YTD Budget £ks**	**YTD Variance £ks**
Net Operating surplus	64,186	70,313	(6,127)
add back:			
Depreciation	112,408	112,408	0
less:			
Grant income	(27,604)	(27,156)	(448)
Net interest payable	(69,721)	(68,570)	(1,151)
Total expenditure on Core Programme	(78,803)	(84,408)	5,605
Underlying surplus	466	2,587	(2,121)
Foundation endowment	(3,500)		
Acceleration of 2024/25 energy efficiency capital projects	(3,500)		
Reported underlying deficit	(6,534)		

2c) Wheatley Homes Glasgow – Year to March 2024

	Year To March 2024		
	Actual £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	210,299	210,343	(44)
Void Losses	(2,452)	(2,666)	214
Net Rental Income	207,847	207,677	170
Grant Income New Build	4,910	4,109	801
Grant Income Other	5,158	5,044	114
Other Income	12,462	11,505	957
Total Income	**230,377**	**228,335**	**2,042**
EXPENDITURE			
Employee Costs - Direct	32,667	35,363	2,696
Employee Costs - Group Services	17,251	17,237	(14)
ER / VR	4,534	4,820	286
Direct Running Costs	11,967	11,687	(280)
Running Costs - Group Services	8,819	8,895	76
Revenue Repairs and Maintenance	54,302	45,386	(8,916)
Bad debts	1,739	3,774	2,035
Depreciation	76,569	76,569	0
Demolition	132	0	(132)
TOTAL EXPENDITURE	**207,980**	**203,731**	**(4,249)**
NET OPERATING SURPLUS / (DEFICIT)	**22,397**	**24,604**	**(2,207)**
Net operating margin	*9.7%*	*10.8%*	*-1.1%*
Donation to Wheatley Foundation	(2,400)	0	(2,400)
Interest payable & similar charges	(50,686)	(50,084)	(602)
STATUTORY SURPLUS / (DEFICIT)	**(30,689)**	**(25,480)**	**(5,209)**

INVESTMENT	Year To March 2024		
	Actual £ks	Budget £ks	Variance £ks
Total Capital Investment Income	**18,085**	**15,557**	**2,528**
Investment Programme Expenditure	55,792	55,281	(511)
New Build Programme	41,672	46,447	4,775
Other Capital Expenditure	8,208	9,506	1,298
TOTAL CAPITAL EXPENDITURE	**105,672**	**111,234**	**5,562**
NET CAPITAL EXPENDITURE	**87,587**	**95,677**	**8,090**

Key highlights:

Net operating surplus of £22,397k is £2,207k unfavourable to budget. Statutory deficit for the year to 31 March is £30,689k, £5,209k unfavourable to budget. The main driver of the variance is higher than budgeted repairs spend and additional donations to the Foundation partly offset by a favourable income position and reduced employee costs.

- Net rental income is £170k favourable to budget. Void losses are £214k lower than budget and represent a 1.17% void loss rate compared to the budgeted rate of 1.27%.
- New build grant income is £801k higher than budget, with 36 MMR units completing at Sighthill, including 16 units delayed from 2022/23. All units in this current phase at Sighthill are now complete. 35 units also completed at Shawbridge Street in the year.
- Other grant income is £114k higher than budget. Unbudgeted grant was recognised for 2023/24 medical adaptations which was partially offset by reduced SHNZ funding (compensated by reduced costs) due to a reprofiling of works.
- Other income is £957k favourable to budget linked to higher Wayleave income, additional furnished lets income (£256k higher offset by additional running costs) and receipt of L&A damages in relation to Sighthill, which is partially offset by a reduction in MMR income due to the Sighthill delay.
- Total employee costs (direct and group services) are £2,682k favourable to budget, mainly due to W-360 CIP and Group Protection services having funding provided through Wheatley Foundation. Additional savings were also noted in employee costs due to the earlier implementation of the new housing structure than originally planned.
- Total running costs (direct and group services) are £204k unfavourable to budget with Group recharges £76k favourable to budget due to lower costs in Wheatley Solutions.
- Revenue repairs and maintenance spend is £8,916k unfavourable to budget. Responsive repairs are £7,502k higher than budget with spend linked to higher demand for repairs. The improvement plan implemented to monitor the drivers of repairs costs, improve efficiency has kept repairs spend in line with the Q3 forecast and will continue to support the monitoring of the costs in the financial year 2024/25.
- Donations to Wheatley Foundation of £2.4m were made to provide additional support for our customers.
- Net Interest payable is £602k unfavourable to budget linked to the timing of balances drawn than assumed in the budget and a higher variable rate than assumed in the budget.

Net capital expenditure of £87,587k is £8,090k lower than budget.

- Capital investment income (grants) is £2,528k higher than budget linked to unbudgeted medical adaptations grant of £1,500k, in addition to £2,383k of new build grant income linked to the timing of claims.
- Investment programme spend is £511k unfavourable to budget with higher spend in capitalised repairs and overhead, partially offset by reduced core programme spend. Core programme spend includes the release of planned core investment works previously deferred to assist with higher repairs costs.
- New build spend is £4,775k lower than budget following a delay in the commencement of regeneration works and lower than budgeted property acquisition opportunities.
- Other capital expenditure of £8,208k is £1,298k lower than budget mainly driven by a reprofiling of planned works on corporate offices including Nets depots and concierge stations and IT projects.

2d) Loretto Housing – Year to March 2024

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	15,869	15,859	10
Void Losses	(291)	(456)	165
Net Rental Income	**15,578**	**15,403**	**175**
Grant Income	**2,223**	**2,223**	**0**
Other Grant Income	**85**	**116**	**(31)**
Other Income	**230**	**876**	**(646)**
Total Income	**18,116**	**18,618**	**(502)**
EXPENDITURE			
Employee Costs - Direct	1,352	1,382	30
Employee Costs - Group Services	855	881	26
ER / VR	72	210	138
Direct Running Costs	1,791	1,813	22
Running Costs - Group Services	473	469	(4)
Revenue Repairs and Maintenance	3,562	3,198	(364)
Bad debts	121	407	286
Depreciation	7,627	7,627	0
TOTAL EXPENDITURE	**15,853**	**15,987**	**134**
OPERATING SURPLUS / (DEFICIT)	**2,263**	**2,631**	**(368)**
Net operating margin	*12.5%*	*14.1%*	*-1.6%*
Donation to Wheatley Foundation	(150)	0	(150)
Interest Payable	(3,861)	(3,779)	(82)
STATUTORY SURPLUS / (DEFICIT)	**(1,748)**	**(1,148)**	**(600)**

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**6,760**	**11,196**	**(4,436)**
Investment Programme	1,783	2,514	731
New Build Programme	5,833	22,048	16,215
Other Capital Expenditure	380	422	42
TOTAL CAPITAL EXPENDITURE	**7,996**	**24,984**	**16,988**
NET CAPITAL EXPENDITURE	**1,236**	**13,788**	**12,552**

Key highlights:

Net operating surplus of £2,263k is £368k unfavourable to budget. Statutory deficit for the year is £1,748k and is £600k unfavourable to budget with the main driver being lower than budgeted gift aid from WDS with lower corresponding costs in the new build programme

- Net rental income is £175k favourable to budget due to early completions at Maddiston and lower than budgeted voids. Void losses in the year are £165k favourable with a rate of 1.83% against a budget of 2.88%.
- Grant income relates to 24 units at Maddiston, which were comin some arepleted ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations grants.
- Other income is £646k unfavourable to budget due to reduced gift aid from WDS, with lower corresponding costs in the new build programme. This is an intra group item.
- Direct employee costs are £30k favourable to budget attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are £26k favourable to budget.
- Total running costs are £18k favourable to budget.
- Revenue repairs and maintenance is £364k unfavourable to budget with responsive repairs spend £461k higher than budget. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the forecast spend.
- Bad debts are £286k favourable to budget. A prudent approach was taken when setting the budget.
- Donations to Wheatley Foundation of £150k were made to provide additional support for our customers.
- Net Interest payable is £82k unfavourable to budget linked to a higher variable rate than assumed in the budget.

Net capital expenditure of £1,236k is £12,552k lower than budget.

- Capital investment income (grant) is £4,436k lower than budget due to Croy and East Lane site starts being delayed and Dargavel Ph 3 not progressing, in addition to the full grant for Main St Maddiston being claimed in 2022/23. The impact of this is reduced by receipt of the full grant for South Crosshill.
- New build spend is £16,215k lower than budget resulting from delays at Croy and East Lane, in addition to Dargavel Ph 3 not progressing.
- Investment programme expenditure of £1,783k 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 £380k relates to the Loretto contribution to Wheatley Group IT costs and capital works to offices used by Wheatley Care at supported accommodation.

2e) Wheatley Homes East – Year to March 2024

	Year to 31 March 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	38,368	38,215	153
Void Losses	(623)	(475)	(148)
Net Rental Income	**37,745**	**37,740**	**5**
Grant Income Recognised in the Year	14,852	15,847	(995)
Other Grant Income	901	1,348	(447)
Other Income	5,786	7,194	(1,408)
TOTAL INCOME	**59,284**	**62,129**	**(2,845)**
EXPENDITURE			
Employee Costs - Direct	4,697	4,491	(206)
Employee Costs - Group Services	2,883	2,978	95
ER/VR	0	540	540
Direct Running Costs	4,419	4,221	(198)
Running Costs - Group Services	1,583	1,585	2
Revenue Repairs and Maintenance	7,178	7,164	(14)
Bad Debts	214	404	190
Depreciation	13,631	13,631	0
TOTAL EXPENDITURE	**34,604**	**35,014**	**410**
NET OPERATING SURPLUS	**24,679**	**27,115**	**(2,436)**
Net Operating Margin	*42%*	*44%*	*-2%*
Donation to Wheatley Foundation	(380)	0	(380)
Interest receivable	35	13	22
Interest payable	(8,743)	(8,696)	(47)
STATUTORY SURPLUS	**15,592**	**18,432**	**(2,840)**

	Year to 31 March 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**43,002**	**53,717**	**(10,715)**
Investment Programme Expenditure	7,037	7,079	42
New Build & Other Investment	69,573	94,278	24,705
Other Capital Expenditure	1,185	1,043	(142)
TOTAL CAPITAL EXPENDITURE	**77,795**	**102,400**	**24,605**
NET CAPITAL EXPENDITURE	**34,793**	**48,683**	**13,890**

Key highlights:

Net operating surplus of £24,679k is £2,436k unfavourable to budget. Statutory surplus for the year to 31 March is £15,592k, £2,840k unfavourable to budget.

Total income of £59,284k is £2,845k unfavourable to budget:

- Gross rent is £153k favourable to budget arising from early completions at Raw Holdings as well as higher than budgeted service charges. Void losses are £148k unfavourable to budget, representing 1.62% vs a budget of 1.25%. This is mainly due to higher voids levels at supported sites and fire safety works/ turnover of rooms at the Harbour.
- Grant income recognised is £995k unfavourable to budget due to the earlier than budgeted completions in 2022/23 at Wisp 3C that were budgeted in 2023/24. Grant income recognised relates to 168 SR and 29 MMR .
- Other grant income of £901k consists of grants recognised for medical adaptations, Scottish Housing Net Zero (SHNZ) and for the Harbour. The variance relates to a reduction in SHNZ income (and compensating reduced costs) due to reprofiling of works to be carried out impacting the level of grant to be claimed.
- Other income of £5,786k is £1,408k adverse to budget arising from lower than budgeted gift aid transferred from WDS due to lower than budgeted new build works carried out by WDS in the year. This is an intra group adjustment.

Total expenditure is £410k favourable to budget:

- Total employee costs are £111k unfavourable to budget. Direct employee costs are £206k unfavourable to budget, due to overtime and agency staff costs at the Harbour and the retirement complexes managed by Wheatley Care, as well as the creation of 4 housing officers to maintain patch sizes within agreed levels. This is offset by lower group services staff costs.
- Total running costs are £196k adverse to budget, driven by higher insurance and property costs.
- Revenue repairs and maintenance spend is £14k unfavourable to budget with responsive repairs spend £337k higher than budget reflecting increased demand and price increases on materials. This is offset by cyclical maintenance which is £323k favourable, due to the reprofiling and timing of the planned cyclical works. We continue to comply with our legislative obligations. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the forecast spend.

Donations to Wheatley Foundation of £380k were made to provide additional support for our customers.

Interest payable of £8,743k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £47k adverse to budget due to a higher variable rate than assumed in the budget

Net capital expenditure of £34,793k is £13,890k lower than budget.

- Capital investment income is £10,715k lower than budget due to delayed new build spend resulting in slower than anticipated grant claims, including Westcraigs Ph3, Deans South Ph2, Blindwells and River Gore.
- Core programme spend is £42k favourable to budget, with lower than budgeted spend across a number of lines, offset by higher than budgeted spend on capitalised repairs and voids.
- New build spend of £69,573k is £24,705k lower than budget due to reduced spend relating to timing of golden brick payments as well as delays on sites due to necessary infrastructure works and contractor delays. Sites with reduced spend include Wallyford 5 A/B, Westcraigs Ph3, Deans South Ph2, Sibbalds Brae and Winchburgh BB.

2f) Wheatley Homes South – Year to March 2024

OPERATING STATEMENT	Year to Mar 2024 Actual £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	47,771	47,855	(84)
Void Losses	(283)	(568)	285
Net Rental Income	**47,488**	**47,287**	**201**
Grant Income	5,619	4,977	642
Other Grant Income	8,999	11,736	(2,737)
Other Income	2,272	2,876	(604)
TOTAL INCOME	**64,378**	**66,876**	**(2,498)**
EXPENDITURE			
Employee Costs - Direct	5,626	5,715	89
Employee Costs - Group Services	3,923	4,038	115
ER/VR	166	340	174
Direct Running Costs	2,663	2,529	(134)
Running Costs - Group Services	2,168	2,150	(18)
Revenue Repairs and Maintenance	10,932	12,360	1,428
Bad debts	242	651	409
Depreciation	14,581	14,581	0
Demolition and compensation	979	1,105	126
TOTAL EXPENDITURE	**41,280**	**43,469**	**2,189**
NET OPERATING SURPLUS	**23,098**	**23,407**	**(309)**
Net operating margin	*36%*	*35%*	*1%*
Donation to Wheatley Foundation	(570)	-	(570)
Interest receivable	81	15	66
Interest payable & similar charges	(6,547)	(6,039)	(508)
STATUTORY SURPLUS	**16,062**	**17,383**	**(1,321)**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks
TOTAL CAPITAL INVESTMENT INCOME	**20,776**	**34,506**	**(13,730)**
Capital Investment spend	17,141	19,535	2,394
New Build Programme	24,719	38,785	14,066
Other Fixed Assets	1,920	2,056	136
TOTAL INVESTMENT EXPENDITURE	**43,780**	**60,376**	**16,596**
NET CAPITAL EXPENDITURE	**23,004**	**25,870**	**2,866**

Key highlights :

Net operating surplus of £23,098k is £309k unfavourable to budget. Statutory surplus to 31 March is £16,062k, is £1,321k unfavourable to budget with the key drivers being the reprofiling of SHNZ funded works to 2024/25 impacting grant income and lower WDS gift aid, partly offset by early release of new build grants, lower void rent loss and lower spend across expenditure.

- Net rental income is £201k 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 £84k adverse due properties cleared for demolition earlier than budgeted at Kelloholm, Summerhill & Newington, partly offset by unbudgeted rental income from earlier handover of Curries Yard (18 units handed over 2 months early).
- Grant income is £642k higher than budget due to 35 units completing compared to 31units in the budget.
- Other grant income is £2,737k adverse to budget. The variance relates to a reduction of £3.3m in SHNZ income (and compensating reduced costs) due to reprofiling of works to be carried out impacting the level of grant to be claimed in 2023/24 partly offset by additional adaptation grant claimed (with higher corresponding spend in investment), higher than budgeted renewable heat incentive (RHI) grant and young person's funding.
- Other income is £604k adverse to budget due to lower than budgeted gift aid from WDS (£667k and an intragroup item), with lower corresponding costs in the new build programme, lower garage and lock-up income due to voids offset by unbudgeted income of £123k from DGC for the Lochside masterplan legal fees.
- Total employee costs (direct and group services) are £204k lower than budget. The savings are from vacant positions during the year and lower than budgeted overtime.
- ER/VR costs are £166k, with five ER/VR leavers in the year.
- Total running costs (direct and group services) are £152k adverse to budget, driven by higher insurance costs.
- Repairs costs are £1,428k favourable to budget. Responsive repairs finished the year £178k favourable to budget due to the implementation of the repairs improvement plan helping to manage costs within the overall reactive repairs budget. Cyclical and compliance spend is £1,249k favourable to budget due to a reprofiling of the programme while remaining compliant with all our legislative obligations.

Donations to Wheatley Foundation of £570k were made to provide additional support for our customers.

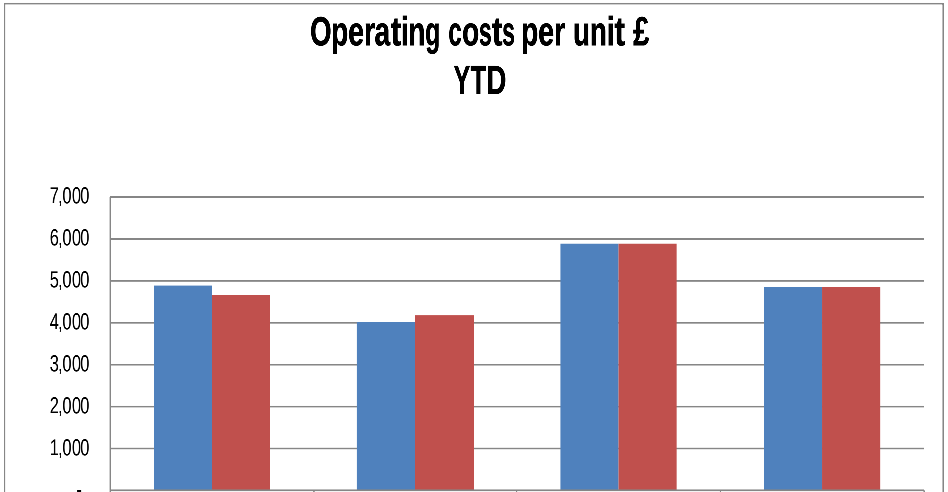
Interest payable of £6,547k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The unfavourable variance of £508k is due to the increase in variable interest rates than budgeted.

Net capital expenditure of £23,004k is £2,866k lower than budget.

- The investment income is £13,730k lower than budget due to timing of grant funding claimed for the new build programme (Curries Yard and Springholm) and lower SHNZ grant funding due to the reprofiling of works to 2024/25 (with lower associated costs).
- Total core investment spend of £17,141k is £2,394k lower than budget due to the reprofiling of SHNZ works and the core programme, partly offset by higher spend on capitalised voids and grant funded adaptation works (compensating additional grant income).
- New Build expenditure is £14,066k under budget driven by timing of spend on Curries Yard and Springholm.
- Other capital expenditure of £1,920k is £136k lower than budget. Other capital spend includes work on local NETS/ Concierge hubs and IT costs.

2g) [redacted]

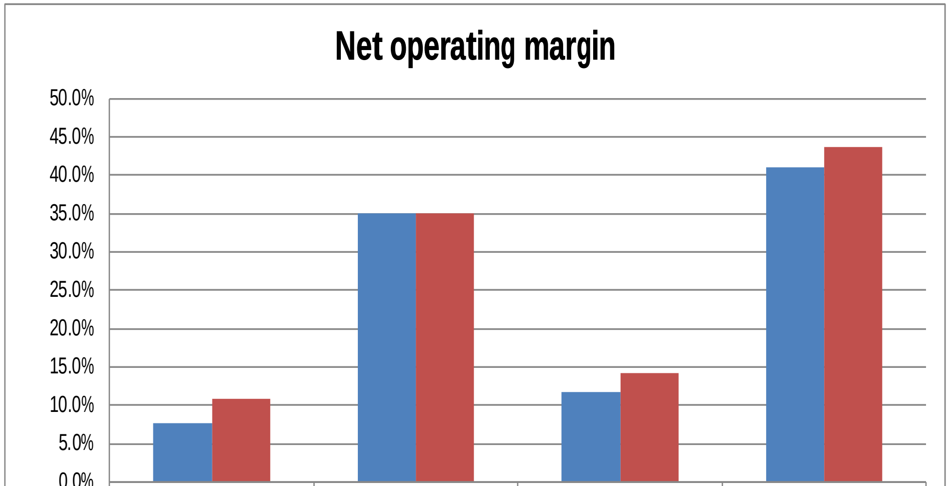
3) Summary of RSL operating costs and margin v budget



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	4,876	4,031	5,879	4,850
Budget	4,669	4,187	5,873	4,854

Operating costs per unit:

- At March 2024 operating costs per unit are higher than budget for WH Glasgow, marginally higher for Loretto and marginally lower than budget for WH South and WH East. This higher unit cost variance 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.



	WH-Glasgow	WHSouth	LHA	WHEast
Actual	7.6%	35.0%	11.7%	41.0%
Budget	10.8%	35.0%	14.1%	43.6%

Net operating margin

- Net operating margin is unfavourable to budget in all RSL's with the exception of South which was on budget. Glasgow is reporting the highest variance to budget due to the additional repairs expenditure during the year. Gift aid payment from WDS in March was lower than budgeted which has contributed to the variances noted in both Loretto and East.
- Similar to operating costs, the variances across expenditure lines is impacting margins in the RSLs.

Wheatley Group Financial Report
To March 2024 (Period 12)

Non RSL entities

4a) [redacted]

4b) [redacted]

6) [redacted]

5) [redacted]

7) [redacted]

8) Wheatley Group – Consolidated Balance Sheet

	As at 31 March 2024 £ks	As at 31 March 2023 £ks
Fixed Assets		
Social Housing Properties	2,723,478	2,599,863
Investment properties	274,471	273,969
Other tangible fixed assets	72,409	71,551
Investments -other	116	116
Fixed Assets	**3,070,474**	**2,945,499**
Debtors Due More Than One Year		
Pension Asset	2,505	2,505
Current Assets		
Stock	1,925	1,713
Trade debtors	4,896	3,185
Rent & Service charge arrears	16,190	16,507
less: Provision for rent arrears	(10,584)	(10,198)
Prepayments and accrued income	10,949	8,846
Other debtors	22,007	26,887
	45,383	**46,940**
Bank & Cash	36,202	39,656
Current Assets	**81,585**	**86,596**
Current Liabilities		
Trade Liabilities	(30,583)	(6,731)
Accruals	(55,012)	(62,098)
Deferred income	(83,418)	(36,964)
Rents & service charges in advance	(20,210)	(15,309)
Other creditors	(5,627)	(16,427)
	(194,850)	**(137,529)**
Net Current Assets	**(113,265)**	**(50,933)**
Long Term Liabilities		
Contingent efficiencies grant	(47,914)	(47,914)
Bank finance	(1,313,913)	(1,245,971)
Bond finance	(300,000)	(300,000)
Provisions	(8,494)	(8,737)
Deferred income	(55,490)	(53,570)
Pension liability	(3,247)	(3,247)
Long Term Liabilities	**(1,729,058)**	**(1,659,439)**
Net Assets	**1,230,656**	**1,237,632**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	721,421	765,471
Income & Expenditure	(6,974)	(44,048)
Revaluation Reserves	516,209	516,209
Funding Employed	**1,230,656**	**1,237,632**

Key highlights:

- Group net assets are £1,230.7m at 31 March 2024.
- The Balance Sheet as at 31 March 2024 is subject to final audit and the year end accounting adjustments for property valuations and the annual actuarial pension scheme valuations.
- 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) have decreased by £1.6m since March 2023. £0.7m relates to a decrease in rent arrears which is driven by timing of receipt of housing benefit and a decrease of £2.8m in other debtors and prepayments due to timing. This is partly offset by a £1.7m increase for trade debtors which is also due to timing.
- Current liabilities are £57.3m higher than the year end position, mainly driven by the increase of £46.5m in deferred grant income for amounts received for new build sites in progress, £23.9m in trade creditors (due to timing of development invoicing), partly reduced by a reduction in other creditors and accruals of £17.9m due to timing of invoices being raised.
- Long term liabilities at 31 March 2024 are £69.6m higher than the year end position due to £68m additional loans received to finance the developments across the RSL's and £1.9m increase in deferred income.
- Income and expenditure of £6,974k relates to the group deficit for the year.

9) Wheatley Group – Budget 2024/25

	2023/24	2024/25		
	Actuals £k	Budget £k	Projections £k	Variance £k
INCOME				
Net Rental Income	327,626	352,784	351,861	923
Grant Income New Build	28,939	79,557	79,557	-
Grant Income Other	15,143	14,018	14,018	-
Other Income	39,614	41,007	40,873	134
Total Group Income	**411,322**	**487,366**	**486,309**	**1,057**
EXPENDITURE				
Employee Costs	94,499	91,019	90,705	(314)
ER/VR	4,772	1,050	1,050	-
Running Costs	46,610	52,051	52,021	(30)
Repairs & Maintenance	82,801	88,886	86,459	(2,427)
Bad debts	3,708	4,542	6,833	2,291
Depreciation	112,408	122,109	122,109	-
Demolition	1,111	523	523	-
Total Group Expenditure	**345,909**	**360,180**	**359,701**	**(479)**
NET OPERATING SURPLUS	**65,413**	**127,186**	**126,608**	**578**
Net operating margin	15.9%	26.1%	26.0%	
Net Interest Payable	(72,387)	(78,116)	(78,116)	-
STATUTORY SURPLUS	**(6,974)**	**49,070**	**48,492**	**578**
INVESTMENT				
Total Capital Investment Income	(90,739)	(123,061)	(123,061)	-
Core Investment Programme	82,805	81,071	80,771	(300)
New Build Programme	143,566	224,975	224,924	(51)
Other fixed assets	12,193	12,857	12,857	-
NET CAPITAL EXPENDITURE	**147,825**	**195,842**	**195,491**	**(351)**

Key highlights:

- The table compares the 2024/25 Group budget to the financial projections approved at the Group board in February 2024. The 2023/24 full year actual results are also presented for comparative purposes.
- The 2024/25 budget shows a net operating surplus of £127.2m, and a statutory surplus after interest costs of £49.1m, both £0.6m favourable to the financial projections approved in February 2024.
- Notable variances against the 2024/25 financial projections include:
  - Following publication of The Rent Adjudication (Temporary Modifications) (Scotland) Regulations 2024 and the subsequent Lowther Board approval on 27 March, a rent increase of 7.5% is to be applied from 1 August 2024 for MMR properties and 9.0% for FMR properties. The business plan assumed a 3.0% increase.
  - A review of the provision for void losses and bad debts has been undertaken in preparing the budget. This has provided some additional capacity while still retaining a prudent level of headroom with void rent loss reflecting current letting performance and void loss rates and leaves a prudent provision for bad debts.
  - Agreement of the cost of living uplift for staff at 4.5% slightly higher than the 4% assumed in the financial projections. The overall cost impact of £0.3m is managed within the parameters of the financial projections agreed in February.
  - The allocation of the additional financial capacity available within the approved projections to repairs. This allows an increase of £2.4m in the repairs budget compared to the projections to reflect a higher level of prudence in this area when preparing the annual budget.
- Notable variances against 2023/24 actuals include:
  - Grant income New Build recognised is directly linked to the number of properties completed in the year. A total of 707 units are included in the financial projections and are budgeted to complete with grant recognised of £79.6m. In 2023/24 the £89.9m of grant income reported relates to completion of 348 units.
  - Other Income includes the income from regulated insurance activities for the Factored Homeowners and Tenants Home Contents Insurance Scheme / Factored Owners and Factored Commercial Owners building insurance. Higher insurance premium costs of £3.2m from 2023/24 driven by external market condition has also resulted in higher income reported through running costs.
  - Staff costs include the cost of living uplift offset by the reduction in employer contributions for the Strathclyde Pension Fund with the employer pension contributions reducing from 19.3% in 2023/24 to 6.5% in 2024/25.
  - Running costs reflect the targeted savings from the rationalisation of our operating model however are offset by the provision for inflation on our operating costs and higher premium costs of £3.2m for the provision of Factored Contents and Buildings insurance to customers as outlined in Other Income above.
  - Repairs and maintenance includes provision for inflationary pressures, the increased demand for repairs experienced in 2023/24 and growth from additional stock.

Appendix 2: Wheatley Group Financial Report
RSL Borrower Group & Quarterly Covenants
To March 2024 (Period 12)

•Classified as Internal

2a) RSL Borrower Group – Year to March 2024

	RSL Borrower Group		
	Year to 31 March 2024		
	Actual £'000	Budget £'000	Variance £'000
INCOME			
Net Rental Income	308,658	308,107	551
Grant income New Build	27,604	27,156	448
Grant income Other	15,143	18,244	(3,101)
Other Income	13,945	13,791	153
Total Income	**365,350**	**367,298**	**(1,949)**
EXPENDITURE			
Employee Costs	69,468	70,887	1,419
ER/VR	4,772	5,910	1,138
Running Costs	33,067	33,425	358
Repairs & Maintenance	77,022	68,015	(9,007)
Bad debts	3,316	5,235	1,919
Depreciation	112,408	112,408	-
Demolition Programme	1,111	1,105	(6)
Total Expenditure	**301,164**	**296,985**	**(4,178)**
NET OPERATING SURPLUS	**64,186**	**70,313**	**(6,127)**
	17.6%	19.1%	
Donation to Wheatley Foundation	(3,500)	-	(3,500)
Net interest payable	(69,721)	(68,570)	(1,151)
STATUTORY SURPLUS/(DEFICIT)	**(9,035)**	**1,743**	**(10,778)**

Key highlights:

The operating surplus to 31 March is £64,186k, £6,127k unfavourable to budget. At the statutory surplus level, a deficit of £9,035k is reported showing an unfavourable variance of £10,778k compared to the budget. The variance to budget reflects the costs of delivering the increasing demand for repairs and maintenance, additional donations to Wheatley Foundation to support our customers, the reprofiling of SHNZ funded works offset by reduced employee costs and bad debts.

Total income of £365,350k is £1,949k unfavourable to budget:

- Net rental income is £551k favourable to budget across the RSLs. Rent loss on voids at 1.17% is lower than the overall 1.34% budget driving the favourable variance.
- New build grant income recognised to date relates to 327 units completed (227 SR and 100 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 Raw Holdings in WHEast and delayed completion of units at Sighthill in Glasgow that were planned for completion in 2022/23 contribute to the variance.
- Other grant income is £3,101k unfavourable to budget with the variance relating to a reduction in SHNZ income due to the reprofiling of works carried out in 2023/24 impacting the level of grant claimed.
- Other income is £153k favourable to budget arising from the receipt of L & A Damages in relation to Sighthill, and a contribution from Scottish Water, partly offset by a reduction in leased rents for MMR units due to delays in completions.

Total expenditure of £301,164k is £4,178k unfavourable to budget:

- Employee costs (direct and group services) are £1,419k favourable to budget, mainly due to W-360 CIP and Group Protection services being funded through the Foundation. In addition, there are staff vacancies in Wheatley Solutions contributing to the variance.
- Running costs are £358k favourable to budget reflecting running costs in relation to W-360 CIP and Group Protection moving to the Foundation offset by higher insurance costs.
- Revenue repairs and maintenance spend is £9,007k unfavourable to budget however in line with forecast at Q3. The variance relates to a higher than budgeted spend across responsive repairs driven by higher demand for repairs. The improvement plan implemented to help monitor the drivers of repairs costs, improve efficiency and to keep repairs spend will continue to support the monitoring of the costs in the financial year 2024/25.
- Bad debts are £1,919k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears and an improved performance in debt collection.

Donations to Wheatley Foundation of £3.5m were made to provide additional support for our customers.

Net Interest payable is £1,154k unfavourable to budget linked to a higher variable rate than assumed in the budget.

1a) RSL Borrower Group – Year to March 2024

Capital Investment	Year to 31 March 2024		
	Actual £'000	Budget £'000	Variance £'000
CORE PROGRAMME			
SHNZ	10,392	15,732	(5,340)
Adaptations	2,754	785	1,969
Grant Income	**13,146**	**16,517**	**(3,371)**
Core Investment Programme	42,520	45,880	3,360
SHNZ	10,392	14,942	4,550
Adaptations	4,051	3,626	(425)
Voids	15,882	14,737	(1,145)
Capitalised Repairs	9,458	5,223	(4,235)
Total Core Investment	**82,303**	**84,408**	**2,105**
NET CORE INVESTMENT SPEND	**69,157**	**67,891**	**(1,266)**
NEW BUILD			
New Build Grant Income Received	75,348	98,378	(23,030)
New Build investment	137,126	194,113	56,987
NET NEW BUILD INVESTMENT SPEND	**61,778**	**95,735**	**33,957**
OTHER FIXED ASSET INVESTMENT SPEND	**11,993**	**13,027**	**1,034**
TOTAL NET CAPITAL INVESTMENT SPEND	**142,928**	**176,653**	**33,725**

Key highlights:

Net capital expenditure of £142,928k is £33,725k less than budget.

- The net core investment spend was £1,266k unfavourable to budget. The unfavourable variance is driven by the increased spend in voids and capitalised repairs works. Offsetting this is additional adaptation grant funding of £1,969k received from higher awards for Glasgow and the South (with compensating increased spend) and reduced spend in the core investment programme due to reprofiling of planned works.
- New build spend is £56,987k less than budget with compensating reduced new build grant income of £23,030k. In Glasgow there was reduced spend at Kelvin Wynd due to a delayed demolition start and reduced spend in planned acquisitions. At Loretto there was reduced spend for East Lane and Dargavel Ph3 and Croy, at Curries Yard and Springholm for the South and in the East for Wallyford 5/AB, Westcraigs Ph3, Deans South,Ph2, Sibbalds Brae and Winchburgh BB.
- Other fixed assets investment includes spend on corporate estate and IT capital projects. The reduced spend of £1,034k is due to a delay in works commencing for new office builds at 2 sites. Annual works budgeted of £1.3m will be deferred into 2024/25.

2b) RSL Borrower Group underlying surplus – Year to March 2024

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.

An underlying surplus of £466k has been reported for the year to 31 March 2024. Within net operating surplus, additional repairs costs have been managed within the overall budget position with lower bad debt costs, lower staff costs and an improved income position.

In planning for final quarter, it was agreed to accelerate £3.5m of capital projects which had been deferred into 2024/25 to support improvements in the energy efficiency of our tenants' home and to provide a year end endowment of £3.5m to the Foundation.

RSL Borrower Group Underlying Surplus/(Deficit) - March 2024			
	YTD Actual £ks	**YTD Budget £ks**	**YTD Variance £ks**
Net Operating surplus	64,186	70,313	(6,127)
add back:			
Depreciation	112,408	112,408	0
less:			
Grant income	(27,604)	(27,156)	(448)
Net interest payable	(69,721)	(68,570)	(1,151)
Total expenditure on Core Programme	(78,803)	(84,408)	5,605
Underlying surplus	466	2,587	(2,121)
Foundation endowment	(3,500)		
Acceleration of 2024/25 energy efficiency capital projects	(3,500)		
Reported underlying deficit	(6,534)		

1b) Wheatley Homes Glasgow – Year to March 2024

	Year To March 2024 Actual £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	210,299	210,343	(44)
Void Losses	(2,452)	(2,666)	214
Net Rental Income	207,847	207,677	170
Grant Income New Build	4,910	4,109	801
Grant Income Other	5,158	5,044	114
Other Income	12,462	11,505	957
Total Income	**230,377**	**228,335**	**2,042**
EXPENDITURE			
Employee Costs - Direct	32,667	35,363	2,696
Employee Costs - Group Services	17,251	17,237	(14)
ER / VR	4,534	4,820	286
Direct Running Costs	11,967	11,687	(280)
Running Costs - Group Services	8,819	8,895	76
Revenue Repairs and Maintenance	54,302	45,386	(8,916)
Bad debts	1,739	3,774	2,035
Depreciation	76,569	76,569	0
Demolition	132	0	(132)
TOTAL EXPENDITURE	**207,980**	**203,731**	**(4,249)**
NET OPERATING SURPLUS / (DEFICIT)	**22,397**	**24,604**	**(2,207)**
Net operating margin	*9.7%*	*10.8%*	*-1.1%*
Donation to Wheatley Foundation	(2,400)	0	(2,400)
Interest payable & similar charges	(50,686)	(50,084)	(602)
STATUTORY SURPLUS / (DEFICIT)	**(30,689)**	**(25,480)**	**(5,209)**

INVESTMENT	Year To March 2024 Actual £ks	Budget £ks	Variance £ks
Total Capital Investment Income	**18,085**	**15,557**	**2,528**
Investment Programme Expenditure	55,792	55,281	(511)
New Build Programme	41,672	46,447	4,775
Other Capital Expenditure	8,208	9,506	1,298
TOTAL CAPITAL EXPENDITURE	**105,672**	**111,234**	**5,562**
NET CAPITAL EXPENDITURE	**87,587**	**95,677**	**8,090**

Key highlights:

Net operating surplus of £22,397k is £2,207k unfavourable to budget. Statutory deficit for the year to 31 March is £30,689k, £5,209k unfavourable to budget. The main driver of the variance is higher than budgeted repairs spend and additional donations to the Foundation partly offset by a favourable income position and reduced employee costs.

- Net rental income is £170k favourable to budget. Void losses are £214k lower than budget and represent a 1.17% void loss rate compared to the budgeted rate of 1.27%.
- New build grant income is £801k higher than budget, with 36 MMR units completing at Sighthill, including 16 units delayed from 2022/23. All units in this current phase at Sighthill are now complete. 35 units also completed at Shawbridge Street in the year.
- Other grant income is £114k higher than budget. Unbudgeted grant was recognised for 2023/24 medical adaptations which was partially offset by reduced SHNZ funding (compensated by reduced costs) due to a reprofiling of works.
- Other income is £957k favourable to budget linked to higher Wayleave income, additional furnished lets income (£256k higher offset by additional running costs) and receipt of L&A damages in relation to Sighthill, which is partially offset by a reduction in MMR income due to the Sighthill delay.
- Total employee costs (direct and group services) are £2,682k favourable to budget, mainly due to W-360 CIP and Group Protection services having funding provided through Wheatley Foundation. Additional savings were also noted in employee costs due to the earlier implementation of the new housing structure than originally planned.
- Total running costs (direct and group services) are £204k unfavourable to budget with Group recharges £76k favourable to budget due to lower costs in Wheatley Solutions.
- Revenue repairs and maintenance spend is £8,916k unfavourable to budget. Responsive repairs are £7,502k higher than budget with spend linked to higher demand for repairs. The improvement plan implemented to monitor the drivers of repairs costs, improve efficiency has kept repairs spend in line with the Q3 forecast and will continue to support the monitoring of the costs in the financial year 2024/25.
- Donations to Wheatley Foundation of £2.4m were made to provide additional support for our customers.
- Net Interest payable is £602k unfavourable to budget linked to the timing of balances drawn than assumed in the budget and a higher variable rate than assumed in the budget.

Net capital expenditure of £87,587k is £8,090k lower than budget.

- Capital investment income (grants) is £2,528k higher than budget linked to unbudgeted medical adaptations grant of £1,500k, in addition to £2,383k of new build grant income linked to the timing of claims.
- Investment programme spend is £511k unfavourable to budget with higher spend in capitalised repairs and overhead, partially offset by reduced core programme spend. Core programme spend includes the release of planned core investment works previously deferred to assist with higher repairs costs.
- New build spend is £4,775k lower than budget following a delay in the commencement of regeneration works and lower than budgeted property acquisition opportunities.
- Other capital expenditure of £8,208k is £1,298k lower than budget mainly driven by a reprofiling of planned works on corporate offices including Nets depots and concierge stations and IT projects.

1c) Loretto Housing – Year to March 2024

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	15,869	15,859	10
Void Losses	(291)	(456)	165
Net Rental Income	**15,578**	**15,403**	**175**
Grant Income	**2,223**	**2,223**	**0**
Other Grant Income	**85**	**116**	**(31)**
Other Income	**230**	**876**	**(646)**
Total Income	**18,116**	**18,618**	**(502)**
EXPENDITURE			
Employee Costs - Direct	1,352	1,382	30
Employee Costs - Group Services	855	881	26
ER / VR	72	210	138
Direct Running Costs	1,791	1,813	22
Running Costs - Group Services	473	469	(4)
Revenue Repairs and Maintenance	3,562	3,198	(364)
Bad debts	121	407	286
Depreciation	7,627	7,627	0
TOTAL EXPENDITURE	**15,853**	**15,987**	**134**
OPERATING SURPLUS / (DEFICIT)	**2,263**	**2,631**	**(368)**
Net operating margin	*12.5%*	*14.1%*	*-1.6%*
Donation to Wheatley Foundation	(150)	0	(150)
Interest Payable	(3,861)	(3,779)	(82)
STATUTORY SURPLUS / (DEFICIT)	**(1,748)**	**(1,148)**	**(600)**

	Year To 31 March 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**6,760**	**11,196**	**(4,436)**
Investment Programme	1,783	2,514	731
New Build Programme	5,833	22,048	16,215
Other Capital Expenditure	380	422	42
TOTAL CAPITAL EXPENDITURE	**7,996**	**24,984**	**16,988**
NET CAPITAL EXPENDITURE	**1,236**	**13,788**	**12,552**

Key highlights year to date:

Net operating surplus of £2,263k is £368k unfavourable to budget. Statutory deficit for the year is £1,748k and is £600k unfavourable to budget with the main driver being lower than budgeted gift aid from WDS with lower corresponding costs in the new build programme

- Net rental income is £175k favourable to budget due to early completions at Maddiston and lower than budgeted voids. Void losses in the year are £165k favourable with a rate of 1.83% against a budget of 2.88%.
- Grant income relates to 24 units at Maddiston, which were comin some arepleted ahead of the budgeted date of March 2024.
- Other grant income of £85k relates to medical adaptations grants.
- Other income is £646k unfavourable to budget due to reduced gift aid from WDS, with lower corresponding costs in the new build programme. This is an intra group item.
- Direct employee costs are £30k favourable to budget attributable to the charging of additional landlord services to Lowther Homes and higher than budgeted capitalised salary for New build. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff and are £26k favourable to budget.
- Total running costs are £18k favourable to budget.
- Revenue repairs and maintenance is £364k unfavourable to budget with responsive repairs spend £461k higher than budget. Completed responsive repair jobs in 2023/24, reflect an increase in customer demand. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the forecast spend.
- Bad debts are £286k favourable to budget. A prudent approach was taken when setting the budget.
- Donations to Wheatley Foundation of £150k were made to provide additional support for our customers.
- Net Interest payable is £82k unfavourable to budget linked to a higher variable rate than assumed in the budget.

Net capital expenditure of £1,236k is £12,552k lower than budget.

- Capital investment income (grant) is £4,436k lower than budget due to Croy and East Lane site starts being delayed and Dargavel Ph 3 not progressing, in addition to the full grant for Main St Maddiston being claimed in 2022/23. The impact of this is reduced by receipt of the full grant for South Crosshill.
- New build spend is £16,215k lower than budget resulting from delays at Croy and East Lane, in addition to Dargavel Ph 3 not progressing.
- Investment programme expenditure of £1,783k 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 £380k relates to the Loretto contribution to Wheatley Group IT costs and capital works to offices used by Wheatley Care at supported accommodation.

1d) Wheatley Homes East – Year to March 2024

	Year to 31 March 2024		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	38,368	38,215	153
Void Losses	(623)	(475)	(148)
Net Rental Income	**37,745**	**37,740**	**5**
Grant Income Recognised in the Year	14,852	15,847	(995)
Other Grant Income	901	1,348	(447)
Other Income	5,786	7,194	(1,408)
TOTAL INCOME	**59,284**	**62,129**	**(2,845)**
EXPENDITURE			
Employee Costs - Direct	4,697	4,491	(206)
Employee Costs - Group Services	2,883	2,978	95
ER/VR	0	540	540
Direct Running Costs	4,419	4,221	(198)
Running Costs - Group Services	1,583	1,585	2
Revenue Repairs and Maintenance	7,178	7,164	(14)
Bad Debts	214	404	190
Depreciation	13,631	13,631	0
TOTAL EXPENDITURE	**34,604**	**35,014**	**410**
NET OPERATING SURPLUS	**24,679**	**27,115**	**(2,436)**
Net Operating Margin	*42%*	*44%*	*-2%*
Donation to Wheatley Foundation	(380)	0	(380)
Interest receivable	35	13	22
Interest payable	(8,743)	(8,696)	(47)
STATUTORY SURPLUS	**15,592**	**18,432**	**(2,840)**

	Year to 31 March 2024		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	**43,002**	**53,717**	**(10,715)**
Investment Programme Expenditure	7,037	7,079	42
New Build & Other Investment	69,573	94,278	24,705
Other Capital Expenditure	1,185	1,043	(142)
TOTAL CAPITAL EXPENDITURE	**77,795**	**102,400**	**24,605**
NET CAPITAL EXPENDITURE	**34,793**	**48,683**	**13,890**

Key highlights year to date:

Net operating surplus of £24,679k is £2,436k unfavourable to budget. Statutory surplus for the year to 31 March is £15,592k, £2,840k unfavourable to budget.

Total income of £59,284k is £2,845k unfavourable to budget:
- Gross rent is £153k favourable to budget arising from early completions at Raw Holdings as well as higher than budgeted service charges. Void losses are £148k unfavourable to budget, representing 1.62% vs a budget of 1.25%. This is mainly due to higher voids levels at supported sites and fire safety works/ turnover of rooms at the Harbour.
- Grant income recognised is £995k unfavourable to budget due to the earlier than budgeted completions in 2022/23 at Wisp 3C that were budgeted in 2023/24. Grant income recognised relates to 168 SR and 29 MMR .
- Other grant income of £901k consists of grants recognised for medical adaptations, Scottish Housing Net Zero (SHNZ) and for the Harbour. The variance relates to a reduction in SHNZ income (and compensating reduced costs) due to reprofiling of works to be carried out impacting the level of grant to be claimed.
- Other income of £5,786k is £1,408k adverse to budget arising from lower than budgeted gift aid transferred from WDS due to lower than budgeted new build works carried out by WDS in the year. This is an intra group adjustment.

Total expenditure is £410k favourable to budget:
- Total employee costs are £111k unfavourable to budget. Direct employee costs are £206k unfavourable to budget, due to overtime and agency staff costs at the Harbour and the retirement complexes managed by Wheatley Care, as well as the creation of 4 housing officers to maintain patch sizes within agreed levels. This is offset by lower group services staff costs.
- Total running costs are £196k adverse to budget, driven by higher insurance and property costs.
- Revenue repairs and maintenance spend is £14k unfavourable to budget with responsive repairs spend £337k higher than budget reflecting increased demand and price increases on materials. This is offset by cyclical maintenance which is £323k favourable, due to the reprofiling and timing of the planned cyclical works. We continue to comply with our legislative obligations. The improvement plan which has been put in place to monitor the drivers of repairs costs, improve efficiency has kept repairs spend within the forecast spend.

Donations to Wheatley Foundation of £380k were made to provide additional support for our customers.

Interest payable of £8,743k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders and is £47k adverse to budget due to a higher variable rate than assumed in the budget

Net capital expenditure of £34,793k is £13,890k lower than budget.
- Capital investment income is £10,715k lower than budget due to delayed new build spend resulting in slower than anticipated grant claims, including Westcraigs Ph3, Deans South Ph2, Blindwells and River Gore.
- Core programme spend is £42k favourable to budget, with lower than budgeted spend across a number of lines, offset by higher than budgeted spend on capitalised repairs and voids.
- New build spend of £69,573k is £24,705k lower than budget due to reduced spend relating to timing of golden brick payments as well as delays on sites due to necessary infrastructure works and contractor delays. Sites with reduced spend include Wallyford 5 A/B, Westcraigs Ph3, Deans South Ph2, Sibbalds Brae and Winchburgh BB.

1e) Wheatley Homes South – Year to March 2024

OPERATING STATEMENT	Year to Mar 2024 Actual £ks	Budget £ks	Variance £ks
INCOME			
Rental Income	47,771	47,855	(84)
Void Losses	(283)	(568)	285
Net Rental Income	**47,488**	**47,287**	**201**
Grant Income	5,619	4,977	642
Other Grant Income	8,999	11,736	(2,737)
Other Income	2,272	2,876	(604)
TOTAL INCOME	**64,378**	**66,876**	**(2,498)**
EXPENDITURE			
Employee Costs - Direct	5,626	5,715	89
Employee Costs - Group Services	3,923	4,038	115
ER/VR	166	340	174
Direct Running Costs	2,663	2,529	(134)
Running Costs - Group Services	2,168	2,150	(18)
Revenue Repairs and Maintenance	10,932	12,360	1,428
Bad debts	242	651	409
Depreciation	14,581	14,581	0
Demolition and compensation	979	1,105	126
TOTAL EXPENDITURE	**41,280**	**43,469**	**2,189**
NET OPERATING SURPLUS	**23,098**	**23,407**	**(309)**
Net operating margin	*36%*	*35%*	*1%*
Donation to Wheatley Foundation	(570)	-	(570)
Interest receivable	81	15	66
Interest payable & similar charges	(6,547)	(6,039)	(508)
STATUTORY SURPLUS	**16,062**	**17,383**	**(1,321)**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks
TOTAL CAPITAL INVESTMENT INCOME	**20,776**	**34,506**	**(13,730)**
Capital Investment spend	17,141	19,535	2,394
New Build Programme	24,719	38,785	14,066
Other Fixed Assets	1,920	2,056	136
TOTAL INVESTMENT EXPENDITURE	**43,780**	**60,376**	**16,596**
NET CAPITAL EXPENDITURE	**23,004**	**25,870**	**2,866**

Key highlights :

Net operating surplus of £23,098k is £309k unfavourable to budget. Statutory surplus to 31 March is £16,062k, is £1,321k unfavourable to budget with the key drivers being the reprofiling of SHNZ funded works to 2024/25 impacting grant income and lower WDS gift aid, partly offset by early release of new build grants, lower void rent loss and lower spend across expenditure.

- Net rental income is £201k 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 £84k adverse due properties cleared for demolition earlier than budgeted at Kelloholm, Summerhill & Newington, partly offset by unbudgeted rental income from earlier handover of Curries Yard (18 units handed over 2 months early).
- Grant income is £642k higher than budget due to 35 units completing compared to 31units in the budget.
- Other grant income is £2,737k adverse to budget. The variance relates to a reduction of £3.3m in SHNZ income (and compensating reduced costs) due to reprofiling of works to be carried out impacting the level of grant to be claimed in 2023/24 partly offset by additional adaptation grant claimed (with higher corresponding spend in investment), higher than budgeted renewable heat incentive (RHI) grant and young person's funding.
- Other income is £604k adverse to budget due to lower than budgeted gift aid from WDS (£667k and an intragroup item), with lower corresponding costs in the new build programme, lower garage and lock-up income due to voids offset by unbudgeted income of £123k from DGC for the Lochside masterplan legal fees.
- Total employee costs (direct and group services) are £204k lower than budget. The savings are from vacant positions during the year and lower than budgeted overtime.
- ER/VR costs are £166k, with five ER/VR leavers in the year.
- Total running costs (direct and group services) are £152k adverse to budget.
- Repairs costs are £1,428k favourable to budget. Responsive repairs finished the year £178k favourable to budget due to the implementation of the repairs improvement plan helping to manage costs within the overall reactive repairs budget. Cyclical and compliance spend is £1,249k favourable to budget due to a reprofiling of the programme while remaining compliant with all our legislative obligations.

Donations to Wheatley Foundation of £570k were made to provide additional support for our customers.

Interest payable of £6,547k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The unfavourable variance of £508k is due to the increase in variable interest rates than budgeted.

Net capital expenditure of £23,004k is £2,866k lower than budget.

- The investment income is £13,730k lower than budget due to timing of grant funding claimed for the new build programme (Curries Yard and Springholm) and lower SHNZ grant funding due to the reprofiling of works to 2024/25 (with lower associated costs).
- Total core investment spend of £17,141k is £2,394k lower than budget due to the reprofiling of SHNZ works and the core programme, partly offset by higher spend on capitalised voids and grant funded adaptation works (compensating additional grant income).
- New Build expenditure is £14,066k under budget driven by timing of spend on Curries Yard and Springholm.
- Other capital expenditure of £1,920k is £136k lower than budget. Other capital spend includes work on local NETS/ Concierge hubs and IT costs.

1f) [redacted]

1g) WFL1 and WGC

WFL1 Limited	Period to 31 March 2024
	Actual £ks
INCOME	
Operating Income	2,040
EXPENDITURE	
Administration Costs	(2,036)
TOTAL EXPENDITURE	**4**
NET OPERATING SURPLUS	**4**
Finance Income	63,079
Finance Charges	(63,079)
PROFIT / (LOSS) BEFORE TAX	**4**

Wheatley Funding No. 1 Limited

Operating income of £2,040k has been recognised in the year. Operating income relates to the recharge of commitment fees on the loan facility for the RSLs.

Administration expenses are for the commitment fees charged on the borrowings for the RSL Borrower group. £2,037k of fees have been incurred and subsequently recharged to the RSLs.

Finance costs of £63,079k relate to interest charged on the facilities to WFL1. These charges are passed on to the RSLs in full.

Wheatley Group Capital plc	Period to 31 March 2024
	Actual £ks
INCOME	
Operating Income	40
EXPENDITURE	
Administration Costs	(40)
TOTAL EXPENDITURE	**(40)**
NET OPERATING SURPLUS	**0**
Finance Income	13,125
Finance Charges	(13,125)
PROFIT / (LOSS) BEFORE TAX	**0**

Wheatley Group Capital Plc

Administration expenses are for the fees charged on the Bond in place for the RSL Borrower group. £40k of fees have been incurred and subsequently recharged to the RSLs.

Operating income of £40k has been recognised in the year. Operating income relates to the recharge of fees to the RSLs.

Finance charges of £13,125k have been recognised in the period. This relates to interest on the £300m bond that sits in Wheatley Group Capital plc. The interest rate is 4.375% per annum.

This is passed on to WFL1, and the recovery from WFL1 recognised as Finance Income. The interest costs are subsequently recharged from WFL1 to the RSLs.

2a) RSL Borrower Group – Consolidated Balance Sheet

	As at 31 March 2024 £ks	As at 31 March 2023 £ks
Fixed Assets		
Social Housing Properties	2,710,727	2,594,648
Investment properties	122,499	122,499
Other tangible fixed assets	72,065	71,323
Investments -other	12,073	12,073
Fixed Assets	**2,917,364**	**2,800,543**
Debtors Due More Than One Year		
Development Agreement	0	0
Inter Company Loan	18,325	18,325
Pension Asset	2,505	2,505
Current Assets		
Stock	1,925	1,713
Trade debtors	1,552	1,742
Rent & Service charge arrears	15,625	15,985
less: Provision for rent arrears	(10,131)	(9,782)
Prepayments and accrued income	8,814	7,007
Intercompany debtors	2,354	7,291
Other debtors	18,302	17,811
	38,441	**41,767**
Bank & Cash	23,800	24,736
Current Assets	**62,241**	**66,503**
Current Liabilities		
Trade Liabilities	(27,471)	(5,168)
Accruals	(32,200)	(55,869)
Deferred income	(81,303)	(34,541)
Rents & service charges in advance	(19,128)	(14,250)
Intercompany creditors	(1,336)	(817)
Other creditors	(18,006)	(16,485)
	(179,444)	**(127,130)**
Net Current Assets	**(117,203)**	**(60,627)**
Long Term Liabilities		
Contingent efficiencies grant	(47,914)	(47,914)
Loan - private finance	(1,237,442)	(1,169,469)
Bond finance	(300,000)	(300,000)
Provisions	(1,717)	(1,960)
Deferred income	(51,844)	(50,293)
Pension liability	(3,042)	(3,042)
Long Term Liabilities	**(1,641,959)**	**(1,572,678)**
Net Assets	**1,179,032**	**1,188,068**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	681,613	729,188
Income & Expenditure	(9,035)	(47,574)
Revaluation Reserves	506,454	506,454
Funding Employed	**1,179,032**	**1,188,068**

Key highlights:

- The comparative Balance Sheet at 31 March 2023 reflects the audited statutory accounts for the year then ended.
- The RSL Borrower Group net assets stand at £1,179.0m at 31 March 2024.
- Current assets (excluding cash) are £3.3m lower than the year end position, mainly due to the decrease in rent arrears of £0.7m due to the timing of receipt of housing benefit, decrease in intercompany balances of £4.9m due to timing, partly offset by an increase in other debtors, prepayments and accrued income of £2.3m due to timing of receipt of income
- Overall current liabilities are £52.3m higher than the year end position. Increases are noted in trade creditors of £22.3m due to the timing of the payment of the creditors, an increase in deferred income of £46.8m and an increase in prepaid rent of £4.9m due to timing of receipt of housing benefit, partly offset by a decrease in accruals and other creditors of £22.1m due to the timing of invoices being raised for costs.
- Long term liabilities at 31 March 2024 are £69.3m higher than the year end position mainly due to £68m additional loans (net of loan payments) received to finance the developments across the RSL's and £1.6m increase in deferred income.
- Income and expenditure relates to the RSL Borrower Group surplus for the year to 31 March 2024.

2b) RSL Borrower Group – Cash Flow Statement

For the year ended 31 March 2024	2023/24 £'000
Net cash generated from operating activities (see Note1)	149,393
Cashflow from investing activities	
Purchase of tangible fixed assets	(226,816)
Grants received	75,917
	(150,899)
Cashflow from financing activities	
Interest paid	(62,685)
Interest received	416
Additional funding received in year to date	114,614
Loan repayment	(51,775)
	570
Net change in cash and cash equivalents	**(936)**
Cash and cash equivalents at the beginning of the year	24,736
Cash and cash equivalents at the end of the period	23,800

Note 1	2023/24
Cashflow from operating activities	
Operating surplus for the period	60,686
Adjustments for non cash items:	
Depreciation of tangible fixed assets	112,408
Movements in working capital	4,152
Movements in provisions	(243)
Adjustments for investing or financing activities:	
Government grants utilised in the year	(27,604)
Cashflow from operating activities	**149,399**

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Treasury Report**

Date of Meeting: **24 April 2024**

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1. Purpose

1.1 The purpose of this report is to provide a quarterly overview on the liquidity position, cashflow forecast and covenants on our debt facilities at the financial year end, 31 March 2024. We also provide an update on the 2024/25 fundraising exercise.

2. Authorising and strategic context

2.1 The Group Standing Orders state that matters in relation to Group treasury management and funding are reserved to the Group Board.

2.2 Under the terms of the Intra-Group Agreements between the Wheatley Group and its subsidiaries the Group Board is responsible for monitoring performance against agreed targets. This includes the on-going performance of its finances.

3. Background

3.1 We finished the financial year with an undrawn balance of £234.8m on our committed facilities and a total of £31.4m in cash across the Group. During the fourth quarter we borrowed £30m fully utilising the £50m [redacted]. This was £15m less than forecast for the quarter, however £10m was drawn from the [redacted] during the first week in April due to the timing of receipts over the year end period. Minimum cash balances of £10m have been maintained in the RSL Borrower Group in line with the Treasury Management Policy.

3.2 Covenants for our WFL1 and WFL2 facilities are compliant for Q4 (at 31 March 2024).

3.3 The annual review meeting with our credit rating Agency, S&P Global, will be held on 18 April in London. We anticipate the outcome of their review by the end of the third week in May. A series of investor meetings has been held in relation to our fund-raising exercise during the past 2 months.

4. Discussion

Liquidity Position

4.1 Our funding arrangements have two main sources of liquidity:

- Cash-at-hand and/or on term deposits; and
- Committed Revolving Credit Facilities (“RCFs”) and/or overdraft facilities.

4.2 The cash position across the Group for the last six months of the financial year is set out below:

[redacted]

4.3 The Group’s liquid cash position at the quarter-end was £31.4m, inclusive of Wheatley Foundation’s £6.5m currently invested in the [redacted] (rated AAA). The WFL1 and Lowther Money Market Fund accounts had balances of nil at year-end in anticipation of outflows in early April in relation to salaries and EIB capital and interest payments for WFL1 and due to year-end gift aid payments for Lowther. The RSL Borrower Group balance, at £19.6m at the end of Q4, was compliant with Treasury Management Policy (min. £10m).

4.4 The table below sets out the Group’s committed liquidity facilities (WFL1 RCFs and overdrafts) for the second half of the financial year. We continue to meet our 2 year liquidity golden rule.

[redacted]

4.5 We drew the remaining balance of the £50m [redacted] facility during Q4, with a total of £234.84m available via our committed RCFs and overdrafts at the year-end. Significant cash outflows for the quarter included £16.0m capital repayments (Syndicate & EIB) and £16.0m interest & fees. We received a double housing benefit payment for WH-Glasgow totalling £12.6m on 28 March 2024 (note, this includes £6.3m which would otherwise have been received in April 2024) and grant funding of £4.4m for Loretto in March 2024 enabling a lower overall drawdown £30m rather than the anticipated £45m.

Cashflow forecasts

4.6 Our £4.2m capital repayment [redacted] was made on 2 April as scheduled and we will pay semi-annual bond interest of £6.56m this quarter. [redacted]

4.7 We anticipate a requirement to draw a total of £30m from the [redacted] RCF during the quarter, with a closing balance of £80m (£50m [redacted] + £30m [redacted]).

Covenant position across WFL1 and WFL2

4.8 The appended treasury pack sets out the covenants for WFL1 and WFL2 to 31 March 2024. They will be submitted to the respective lenders in line with our loan agreements.

4.9 WFL1 and WFL2 remain covenant compliant. [redacted]

Funding exercise - 2024

4.10 Our lawyers, Pinsent Masons, are now undertaking the property due diligence on 2,000 recently built units (completed in last 8 years) which will be secured to our new lender(s) to support the new fundraising. We met with several existing and prospective new funders [redacted] and have subsequently met in April to share a formal term sheet (advised by Pinsents) which sets out our preferred financial and legal terms (see Appendix 2). The S&P annual review will influence the pricing from some lenders and we will have the result of the review around the end of May.

4.11 We are also engaging with our advisors on other potential fundraising options for 2024 that may be available to us in the market and recommendations on the outcome of these discussions will form part of our wider consideration of a Group Funding Strategy at our Group Board residential in June 2024.

5. Customer Engagement

5.1 There has been no customer engagement on the matters in this report.

6. Environmental and sustainability implications

6.1 Our bank RCFs with the Syndicate and Barclays are subject to four Key Performance Indicators as set out below:

- Minimum EPC rating of B for all new build properties;
- Minimum of 50% of new lets to be provided to customers experiencing homelessness;
- Minimum of 50 educational bursaries per year to our customers; and
- A minimum number of homes to improve EPC Band from C to B per annum (note, with the SHNZS consultation, this measurement will be superseded – this is permitted under the terms of the loan agreement).

6.2 Failure to meet any of the Sustainability KPIs is not an Event of Default and, in the unlikely outcome that we cannot meet our obligations, we will forego the loan margin benefit (i.e. it is an opportunity cost).

6.3 Performance against these KPIs will be reported alongside the audited financial covenants and included for this Board at the August meeting.

7. Digital transformation alignment

7.1 No direct impact on the digital transformation programme.

8. Financial and value for money implications

8.1 The treasury pack is appended to this report.

9. Legal, regulatory and charitable implications

9.1 Pinsent Masons continue to advise the Group on the covenant amendments which remain outstanding with the EIB. Pinsents are also supporting us on the debt raise and related security work.

10. Risk Appetite and assessment

10.1 The Board's risk appetite for funding risk 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 Our current liquidity risk is low with £75m of new debt raised from [redacted] over the last 15 months. We continue to operate within our liquidity Golden Rule. The £125m new funding exercise is anticipated to complete by September 2024 which will enhance our liquidity position.

11. Equalities implications

11.1 The inclusion of the Sustainability KPIs directly incentivises us to deliver our ambitions on provision of housing to homeless households as well as to provide higher and further educational bursaries to customers, both of which seek to address inequalities across our communities.

12. Key issues and conclusions

12.1 We have £234.8m committed working capital facilities available at the beginning of FY25 and anticipate securing new funding of £125m during this financial year to support the delivery of our new build programme and to refinance maturing debt. We are covenant compliant across the WFL1 and WFL2 facilities.

13. Recommendations

13.1 The Board is requested to:

1) Note the liquidity position and covenant compliance as at 31 March 2024.

LIST OF APPENDICES:

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

Wheatley Group

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Appendix 1
Group Treasury Report to 31 March 2024

Wheatley Group Liquidity

Immediately accessible funds

31/03/2024	Cash	Undrawn RCFs & Overdrafts	Undrawn Facilities	Total
WFL1	£8.35m	£234.84m	£0.00m	£243.19m
RSLs	£7.11m	£0.00m	£0.00m	£7.11m
Wheatley Care	£3.21m	£0.00m	£0.00m	£3.21m
Wheatley Solutions	£0.22m	£0.00m	£0.00m	£0.22m
Lowther	£1.15m	£0.00m	£0.00m	£1.15m
Foundation	£0.66m	£0.00m	£0.00m	£0.66m
WDSL	£4.17m	£0.00m	£0.00m	£4.17m
Term Deposits	£6.50m	£0.00m	£0.00m	£6.50m
Total	**£31.38m**	**£234.84m**	**£0.00m**	**£266.22m**

Group Cash & Deposit Balances	31-Oct-23	30-Nov-23	31-Dec-23	31-Jan-24	29-Feb-24	31-Mar-24
Cash	£31.82 m	£28.64 m	£17.78 m	£27.39 m	£20.30 m	£24.88 m
Term Deposits	£3.96 m	£0.00 m	£0.00 m	£0.00 m	£0.00 m	£0.00 m
Money Market Funds	£2.00 m	£6.00 m	£6.00 m	£6.00 m	£15.00 m	£6.50 m
Total	**£37.77 m**	**£34.64 m**	**£23.78 m**	**£33.39 m**	**£35.30 m**	**£31.38 m**

As at 31 March 2024:

- The Group had cash & deposit balances of £31.4m (£23.8m on 31 December 2023). The Foundation held £6.5m in their Money Market Fund account with Northern Trust at financial year-end (WFL1 and Lowther had nil balances).

- We have immediately available funding of £234.8m via RCFs and overdrafts at the beginning of FY25. This reflects the full drawdown of the £50m Barclays facility and a scheduled reduction in the availability of Syndicate Facility F2 (Nationwide) from £8.2m to £7.7m.

- Actual drawdown during the quarter was £30m against the forecast of £45m. We drew £10m from our RBS bilateral facility during the first week of April, in part, due to timing of receipt of grant funding from GCC over the year end.

Wheatley Group Borrowings

Funder	Committed Facility	Drawn (01/04/24)	Loan Type	Interest rate	Borrower	Expiry date
Bond	£300.00 m	£300.00 m	Term Loan	4.375%	WGC	28/11/2044
Syndicate A (RBS/BoS/Nationwide)	£301.16 m	£301.16 m	Term Loan	6.35924% (w. Avg)	WFL1	31/03/2040
Syndicate A (RBS/BoS/Nationwide)	£75.71 m	£75.71 m	Term Loan	SONIA + 0.1193% + 1.65%	WFL1	31/03/2040
Syndicate B (RBS/Bos/Nationwide)	£96.06 m	£96.06 m	Term Loan	SONIA + 0.1193% + 1.50%	WFL1	31/03/2029
Syndicate C1 (RBS)	£71.50 m	£0.00 m	RCF	SONIA + 0.1193% + 1.15%	WFL1	31/03/2030
Syndicate C2 (BoS)	£59.50 m	£0.00 m	RCF	SONIA + 0.1193% + 1.00%	WFL1	31/03/2027
Syndicate Overdraft (RBS)	£10.00 m	£0.00 m	RCF	SONIA + 0.1193% + 1.65%	WFL1	31/03/2023
Syndicate F1 (RBS)	£38.60 m	£0.00 m	RCF	SONIA + 0.1193% + 1.25%	WFL1	31/03/2030
Syndicate F2 (Nationwide)	£7.74 m	£0.00 m	RCF	SONIA + 0.1193% + 1.65%	WFL1	31/03/2035
Syndicate F3 (Nationwide)	£12.50 m	£0.00 m	RCF	SONIA + 1.10%	WFL1	31/03/2027
Barclays	£50.00 m	£50.00 m	RCF	SONIA + 1.075%	WFL1	31/03/2027
RBS	£35.00 m	£0.00 m	RCF	SONIA + 0.1193% + 1.10%	WFL1	13/12/2029
EIB (2003)	£81.61 m	£81.61 m	Term Loan	4.056% (w. Avg)	WFL1	31/03/2037
EIB (2018)	£185.00 m	£185.00 m	Term Loan	1.52% (w. Avg)	WFL1	01/10/2040
Blackrock PP (2017)	£70.00 m	£70.00 m	Term Loan	3.125%	WFL1	29/02/2032
Blackrock PP (2017)	£30.00 m	£30.00 m	Term Loan	3.125%	WFL1	28/02/2037
Blackrock PP (2018)	£50.00 m	£50.00 m	Term Loan	3.320%	WFL1	31/08/2033
M&G - Tranche A	£45.00 m	£45.00 m	Term Loan	2.587%	WFL1	01/04/2035
M&G - Tranche B	£24.00 m	£24.00 m	Term Loan	2.832%	WFL1	31/03/2042
M&G - Tranche C	£45.00 m	£45.00 m	Term Loan	2.805%	WFL1	01/04/2055
THFC - WH-South	£40.00 m	£40.00 m	Term Loan	5.200%	WH-South	11/10/2043
THFC - WH-East	£16.50 m	£16.50 m	Term Loan	3.004%	WH-East	17/10/2032
Allia 1 - WH-South	£5.00 m	£5.00 m	Term Loan	3.320%	WH-South	08/12/2026
Allia 2 - WH-South	£5.00 m	£5.00 m	Term Loan	3.660%	WH-South	28/02/2028
Allia 3 - WH-South	£5.00 m	£5.00 m	Term Loan	2.800%	WH-South	28/02/2029
Allia 4 - WH-South	£20.00 m	£20.00 m	Term Loan	2.180%	WH-South	12/03/2035
Allia - WH-East	£16.00 m	£16.00 m	Term Loan	2.950%	WH-East	15/11/2028
Allia - WFL1	£35.00 m	£35.00 m	Term Loan	4.370%	WFL1	31/08/2033
Allia - WFL1	£40.00 m	£40.00 m	Term Loan	5.070%	WFL1	02/10/2032
Scottish Widows PP (2018)	£76.50 m	£76.50 m	Term Loan	3.7713%	WFL2	30/10/2043
	£1,847.38 m	£1,612.54 m				
		£234.84 m	RCFs / Overdraft availablity			

Changes during the quarter:

- Opening RCF balance of £20m drawn from Barclays at 01/01/24
- Additional £10m drawn from Barclays on 25/01/24
- Additional £20m drawn from Barclays on 25/03/24
- Closing RCF Balance at end of Q4 was £50m

The weighted average interest rate of the RSL Group funding for the preceding 12 months was 4.4756% (Dec 23 – 4.428%).

The mix of fixed and floating rate debt across the drawn Group Facilities was 86.2% fixed and 13.8% floating at quarter-end

Cashflow Forecast
RSLs and Lowther

Quarter 1	WH-Glasgow	Loretto	WH-East	WH-South	WDS	WFL1	Total	Lowther
Cash							£19,632	£1,154
Deposits maturing in quarter							£0	£0
Total opening liquidity (31/03/24)							**£19,632**	**£1,154**
Opening Cash	£2,311	£438	£1,567	£2,797	£4,171	£8,348	£19,632	£1,154
Net Income	£57,779	£5,348	£10,504	£13,176	£35,831	£17,562	£104,369	£6,927
Operating Expenditure	-£45,962	-£3,219	-£6,322	-£7,394	-£475		-£62,897	-£6,824
Financing Costs	-£13,216	-£980	-£2,267	-£1,099	£0	-£18,390	-£35,952	-£721
Capital Investment								
Core Programme	£14,456	£657	£1,912	£2,389	£0		£19,414	£388
New Build Expenditure	£17,435	£3,545	£19,810	£5,964	£35,356		£46,754	£2,944
Other Capex (Voids, IT costs)	£3,098	£76	£75	£534	£0		£3,783	£0
Grant Income (New Build only)	£16,140	£2,109	£9,316	£1,456	£0		£29,021	£2,026
	-£18,849	-£2,169	-£12,481	-£7,431	-£35,356	£0	-£40,930	-£1,306
Drawdowns	£19,000	£1,000	£9,900	£1,500	£0	-£31,400	£0	£2,000
External Drawdowns						£30,000	£30,000	
Capital/RCF Repayment						-£4,159	£0	
Deposits Maturing in Qtr							£0	
Closing Cash	£1,063	£418	£900	£1,549	£4,171	£1,961	£10,062	£1,230
Cash on Deposit beyond Quarter End							£0	
Total closing liquidity (30/06/24)							**£10,062**	**£1,230**

- Opening cash for the RSL Borrower Group includes WFL1, all RSLs and Wheatley Developments Scotland Limited
- WFL1 Q1 financing costs include RCF Interest (£0.7m), Syndicate Interest (£7.8m), the Bond (£6.56m) and EIB's year-end capital and interest repayment (£7.35m)
- Projected internal drawdowns of £31.4m are required in Q1 to support the new build developments at sites including West Craigs, Kelvin Wynd, Shandwick Street and Calton Village
- We anticipate drawing an additional £30m from our RCFs, with a total outstanding balance of £80m at quarter-end

WFL1 & WFL2 – Assets & Security

Asset Security Values - 31 March 2024	Units	Value
Barclays	788	£67.21m
Bond	7,524	£397.74m
EIB	8,057	£346.20m
Syndicate	21,540	£842.15m
Private Placement 17 (£100m)	2,326	£147.22m
Private Placement 18 (£50m)	758	£57.96m
THFC (WH-East)	491	£44.57m
Allia (WH-East)		£21.00m
THFC (WH-South)	1,174	£75.14m
M&G	2,519	£138.71m
RBS	1,046	£50.93m
Allia (WH-South)		£45.50m
Allia (WFL1)		£120.22m
Total WFL 1 Secured Assets	**46,223**	**£2,354.56m**
Scottish Widows	1,149	£149.20m
Total WFL 2 Assets	**1,149**	**£149.20m**
Unencumbered Assets		
Unallocated	7,859	£253.63m
Unsecured - RSL	5,717	£346.25m
Unsecured - Lowther	23	£2.27m

Security summary

- Due diligence has commenced on c.2,000 units as part of our build to secure exercise. The charged assets will be allocated to the new funder(s) during the planned fund-raising exercise with a targeted completion date of September 2024.
- £175m of assets (6,166 units) secured to the Syndicate have now been de-allocated and are available to support future funding, following a diligence exercise.
- 47 units at Summerhill, Dumfries approved for demolition were discharged from THFC and 68 unsecured units in Newton Stewart successfully charged as replacement security.
- The year-end valuation exercise is underway with our external valuers, JLL.

WFL1 covenant compliance

COVENANT COMPLIANCE WFL1

COMMERCIAL BANKS FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES
DEBT SERVICE, > Target	£721,270,980	£913,531,581	YES
Asset Cover: Minimum Value greater than Loans Outstanding	£472,927,184	£741,565,160	YES
Net Assets of WDSL (DGHP3): no greater than 5% of net assets of RSL BG	5%	0%	YES

EIB FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES
Asset Cover: Minimum Value greater than Loans Outstanding	£266,609,611	£306,766,517	YES
DSCR > Target	1.4:1	5:1	YES
Net Assets of WDSL (DGHP3): no greater than 5% of net assets of RSL BG	5%	0%	YES

PRIVATE PLACEMENT (2017) FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES
Minimum Value+Cash collateral > Principal Loan	£100,000,000	£130,274,253	YES

PRIVATE PLACEMENT (2018) FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES
Minimum Value+Cash collateral > Principal Loan	£50,000,000	£52,676,277	YES

BARCLAYS FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
Asset Cover: Minimum Value greater than Loans Outstanding	£50,000,000	£56,916,190	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES

M&G FACILITY	Target	Actual	Covenant Met
Asset Cover: Minimum Value greater than Loans Outstanding	£114,000,000	£122,186,749	YES
Interest Cover > Target	110%	215%	YES

RBS FACILITY	Target	Actual	Covenant Met
INTEREST COVER > Target	110%	119%	YES
GEARING (Gross Debt / Unit) < Target	£27,000	£24,040	YES
Asset Cover: Minimum Value greater than Loans Outstanding	£0	£43,823,077	YES
Net Assets of WDSL (DGHP3): no greater than 5% of net assets of RSL BG	5%	0%	YES

- For the quarter to 31 March 2024, we have complied with all Treasury policies, set out in the approved Treasury Management Policy.
- We have a process in place where financial covenants based on the projected year end position, are monitored on a monthly basis to ensure that any corrective actions can be taken as soon as possible.
- Based on our financial results at 31 March 2024 all funding covenants were met.

WFL1 counterparty credit ratings

As part of managing our counterparty credit risk, i.e. the risk that a change to our counterparty's financial strength may have an adverse effect on WHG, we regularly monitor the credit ratings and also market information for all treasury counterparties (i.e. banks and financial institutions we deal with). We will monitor the ratings of our counterparties and make recommendations for any changes should it be necessary.

There have been no changes to the counterparty credit ratings since January 2024 with all meeting the minimum requirements set out in the approved Treasury Management Policy.

Counterparty Credit Ratings **January 2024**

		Ratings - January 2024 - *Chatham Financial*				Minimum per Treasury Management Policy
		RBS/NatWest	**Lloyds**	**Barclays**	**HSBC**	
Long Term	Moody's	A1	A1	A1	A1	≥ A1
	S&P	A+	A+	A+	A+	≥ A
	Fitch	A+	A+	A+	AA-	≥ A+
Short Term	Moody's	P-1	P-1	P-1	P-1	≥ P-2
	S&P	A-1	A-1	A-1	A-1	≥ A-2
	Fitch	F1	F1	F1	F1+	≥ F2

WFL2 covenant compliance

COVENANT COMPLIANCE WFL2

LOWTHER HOMES LIMITED	Target	Actual	Covenant Met
Loan to Value ≤ Target	70%	51%	YES
Historical Debt Service Cover ≥ Target	120%	192%	YES
Historical Interest Cover ≥ Target	150%	216%	YES

- Lowther (WFL2) has one set of covenants being reported to Scottish Widows.
- Based on our financial results as at 31 March 2024 all funding covenants were met.

Wheatley Group

Term Sheet

Parent	Wheatley Housing Group Limited
Borrower	Wheatley Funding No.1 Limited
Guarantors (Together, the RSL Borrowing Group)	Wheatley Homes Glasgow Limited Wheatley Homes South Limited Wheatley Homes East Limited Loretto Housing Association Limited Wheatley Developments (Scotland) Limited
Security Trustee	M&G Trustee Company Limited
Form of issue	Senior Secured Notes
Currency	Pounds Sterling
Amount	Up to £125 million
Term	15 – 25 years reflected in one or more series of notes with separate tenor (maturities are subject to discussion and pricing, noting certain tenors are to be avoided due to the profile of maturities for the existing debt of the Wheatley Group). Bullet repayment contemplated out to 15 years, but open to amortisation for tenors over 15 years.
Purpose	On-lending to the RSL Borrower Group for the purpose of activities permitted within the constitution of the relevant RSL Borrowing Group member and consistent with that of a Registered Social Landlord.
Completion Date	To be confirmed. Targeting pricing and the signing of the Note Purchase Agreement in July and August 2024.
Interest	Fixed rate payable semi-annually.
Financial Covenants	**RSL Borrowing Group** **Interest Cover** Adjusted Operating Surplus/Total Finance Costs shall not be less than 1:1.10 for any Financial Year. (NB. Major Repairs & Investment is not included in definition of Adjusted Operating Surplus). **Gearing** (as measured by Debt per Unit) a. £30,000 from 1st April 2024 to 31st March 2026; b. £32,000 from 1st April 2026 to 31st March 2028; and c. £35,000 from 1st April 2028 onwards. **Asset Cover** Minimum value security cover under different valuation basis: a. EUV-SH 105% b. MV-T 115%
Representations & Warranties	Standard representations and warranties, including, among other things, insolvency, sanctions, and anti-bribery and corruption.
Financial information	180 days for audited accounts following financial year-end. 60 days from end of each quarter for quarterly reports and covenant returns. 45 days following the commencement of the new financial year for business plan.
Events of Default	Non-payment, breach of interest cover covenant, breach of asset cover covenant, breach of other obligations, misrepresentation, repudiation, illegality, security, insolvency, cross default, loss of Registered Social Landlord status, cessation of business, breach of statutory provisions or non-compliance with the regulatory framework for Registered Social Landlords, any enforcement notice from the

	Regulator and repayment of public sector grants other than in the course of normal business.
Security	The Guarantors will provide the Security Trustee with Standard Securities in the same format as annexed to an existing security trust deed (the **Security Trust Deed**) and, for these purposes, an accession deed will be entered into to create a specific pool of properties in favour of the Security Trustee for the benefit of the noteholders. See "*Property Due Diligence*" below. Standard release, substitution and additional security provisions will be included. The Issuer will provide the Security Trustee with an account charge (if required) creating a fixed charge over all monies standing to the credit of cash collateral account to cover any shortfall in property security in respect of the Asset Cover Test.
Property Due Diligence	The portfolio of properties are circa. 51 developments with approximately 1,997 units. Pinsent Masons LLP to carry out full diligence on 9 identified developments (comprising approximately 652 units) and prepare certificates of title substantially in the form annexed to the Security Trust Deed in respect of the following: 1. Bonhill Primary School – NB11368 – DMB92157 2. Dargavel Village NB12268 – REN151255 3. Almondvale – NB11565 – MID207709 4. Dixon Terrace – NB11459 – WLN41960 5. Lang Loan – NB11580 – MID203706 6. Gallowgate Ph2 – NB11491 – GLA166772 7. Hurlford – NB12090 – GLA238136 8. Ibroxholm Ph2 – NB11497 – GLA166850 9. Ibroxholm Ph2 – NB11497 – GLA214353 Pinsent Masons LLP to order coal reports (where applicable), charges and FCA searches, legal reports and Argyll environmental reports against each of the above 9 identified developments. Pinsent Masons LLP to order property enquiry certificates against a 10 per cent. sample of units within each of the identified titles. Pinsent Masons LLP to carry out high level diligence on the remainder of the developments (circa. 42 developments) and to provide a report on title that will simply confirm: (a) the relevant Guarantor is the owner, (b) there are no registered standard securities against the title, and (c) there is nothing in the title or the planning consent which restricts the development for use as social or affordable housing. Properties may be assigned MV-ST valuations where appropriate to do so on the basis of the certificates of title on the 9 identified developments or the report on title in respect of circa. 42 developments, as the case may be.
Valuations	Full valuations undertaken every 3 years (with desktop valuations to be produced annually (other than in a year in which a full valuation is delivered)) by any professional valuer on the Security Trustee's panel of approved social housing valuers (Savills, JLL, CBRE, Cushman & Wakefield)
Governing law	Note Purchase Agreement to be governed by English law. Security over properties to be governed by Scots law.

Counsel for the Borrower and the RSL Borrowing Group	Pinsent Masons LLP
Counsel for the investors and the Security Trustee	To be confirmed

To:	**Wheatley Housing Group Board**
By:	**Anthony Alison, Group Director of Governance and Business Solutions**
Approved by:	**Steven Henderson, Group Chief Executive**
Subject:	**Contract award - Fuel Cards and Associated Services**
Date of Meeting:	**24 April 2024**

1. Purpose

1.1 This report seeks approval to award a contract for the provision of fuel cards and associated services to Shell UK for two years with an option to extend for a further two years.

2. Authorising context

2.1 Under the Scheme of Financial Delegation ("SoFD") contained within the Group Standing Orders the award of contracts is based on the financial value over the life of the contract. In accordance with the SoFD, Group Board approval is required for contracts with anticipated revenue expenditure of over £1m.

2.2 The estimated value of this contract over the maximum four-year period is £4.6m including VAT. This considers our current expenditure levels and provides for future inflationary increases. The contracting approach will ensure we can review our requirements after 2 years and adjust accordingly to reflect the progress of our transition to an electric fleet. There is no obligation to spend against this contract.

3. Background

3.1 Our existing contract is due to expire and requires to be renewed. Given the importance of our fleet in delivering services such as environmental services and repairs and the associate scale of our fleet this is an area of relatively high expenditure. Our fleet expenditure is set within the context of our wider strategic direction of transitioning to a fleet which has as low a carbon footprint as possible.

4. Discussion

4.1 We currently spend approximately £1.15m per year through fuel cards for our fleet of over four hundred vehicles. We do not anticipate any major changes to this during the first two-year term as our fleet transition will be in its infancy. We sought a contract that has sufficient flexibility to allow for the onboarding of the EV vehicles as they come into operation.

4.2 Important contract considerations included the necessary breadth of geographic coverage and the ability to manage our cards in an efficient way eg a digital portal with inbuilt internal controls such as how we order and cancel cards and real-time tracking of spend, usage and fuel costs. We also sought to have access to electric charging points.

4.3 There are a variety of national frameworks that provide compliant routes to the market for fuel card service providers which provide better value than we would expect to achieve through a separate procurement process. Of the frameworks considered, the Crown Commercial Services ("CCS") Fuel Cards & Associated Services Framework remains the most favourable. The reasons for this include the ability to leverage public sector consolidated spending, fixed discounts and public sector preferential terms and conditions for payment.

4.4 The CCS Framework provides a direct award route to several nominated providers. Following analysis of the appointed suppliers, we identified one supplier, Shell UK, who was able to meet all our needs in relation to the necessary breadth of geographic coverage, delivering cost value associated with our usage rate and the scale of the framework, and the provision of reporting and analysis to allow us to proactively monitor our fleet efficiency.

4.5 The contract with Shell UK provides the following benefits:

- Platinum accredited customer service centre and a dedicated line for resolving day to day issues – Lost and replacement cards to account queries;
- Discounted fuel at Shell-owned stations of 4.1p per litre;
- Dedicated account manager for account reviews and issue escalation;
- No transaction fees for all cards;
- A dedicated fraud team;
- A full mapping exercise to identify key stations for use by our operatives depending on their work patterns;
- Simple payment method;
- Detailed management information to assist in controlling fuel spend and reduce the time spent on dealing with administration;
- CO_2 reporting and validation; and
- Shell GO$^+$ loyalty programme for drivers.

4.6 We will also be taking advantage via this contract of access to hybrid refuelling cards that can be used to pay for the charging of electric cars. These hybrid cards offer a discount of 2p per kWh at Shell-branded recharge points.

4.7 The new hybrid cards will be linked to the existing Shell Fleet Hub portal which monitors the usage of both fuel and electricity on one platform. This further simplifies the tracking and monitoring process for the Group. The pilot phase of replacing our diesel vehicles with electric is expected to commence in the coming months. Having access to Shell UK hybrid cards will be added to the Charge Place Scotland cards, to allow for a smoother transition and greater choice for our staff.

5. Customer Engagement

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

6. Environmental and sustainability implications

6.1 This contract supports our planned phased approach to an electric vehicles fleet with hybrid fuel cards providing access to recharge points.

6.2 Shell UK is fully certified and publishes annual sustainability reports to map progress against their published corporate target of reducing carbon by 50% by 2030 and becoming a net-zero energy business by 2050.

7. Digital transformation alignment

7.1 Delivery of this contract involves the use of Shell's Fleet Hub a portal that is in line with our digital transformation. Shell UK provides a Shell GO$^+$ Site Locator that can be accessed on a browser or through the Shell App. This helps our operatives to locate the nearest Shell and partner petrol stations.

8. Financial and value for money implications

8.1 This contract will achieve value for money through effective and efficient service delivery. In addition, as our total spend is over £1m annually, the discount at the pump for fuel purchased at Shell-owned stations (which accounts for 60% of our total spend) will increase from the current 1.5p per litre to 4.1p for this new call-off. Based on an expected annual fuel volume of 389k litres from Shell-owned stations, savings are estimated at £16k per year and could be £64k over the term of the contract.

9. Legal, Regulatory and Charitable Implications

9.1 Shell UK Fuel Card services will be procured via a direct award route through the Crown Commercial Services framework therefore the risk of a procurement challenge is considered minimal.

9.2 Our Group procurement activities are subject to the Procurement (Scotland) Regulations 2016. The use of compliant frameworks, such as the CCS Fuel Cards & Associated Services Framework, is a compliant route to market.

9.3 An Equifax finance check has been conducted for Shell UK and according to this, they are financially stable with a rating of C- and able to enter contracts to a value of £10m.

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 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 standard of service.

11. Equalities Impact

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 The proposed contract award allows us to achieve value for money in an area of ongoing expenditure whilst providing the flexibility we need as we progress plans to decarbonise our fleet. The access to quality management information will support us in maintaining the efficient delivery of our fleet whilst also allowing us to monitor our CO_2 output.

13. Recommendations

13.1 The Board is asked to:

1) Approve the award of the contract for the provision of Fuel Cards and Associated Services to Shell UK Oil Products Limited (Company Number: 3625633) to an estimated value of £4.6m including VAT over 4 years; and

2) Delegate authority to the Group Company Secretary or Director of Procurement to enter into the contract.

LIST OF APPENDICES:

None